



Deep Yellow Limited

ABN 97 006 391 948

NOTICE OF ANNUAL GENERAL MEETING

**(Includes Explanatory Memorandum and
Independent's Expert Report)**

DATE OF MEETING: 8 November 2012

TIME OF MEETING: 2:00 pm WST

PLACE OF MEETING: The Celtic Club
48 Ord Street West Perth
Western Australia

This Notice of Annual General Meeting, Explanatory Memorandum and Independent's Expert Report should be read in its entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Deep Yellow Limited ('Company') will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on 8 November 2012 at 2:00 pm.

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. Please note terms used in the Resolutions contained in this Notice of Meeting have the same meaning as set out in the glossary of the Explanatory Memorandum accompanying this Notice.

AGENDA

Financial Report

To receive and consider the financial report for the year ended 30 June 2012, and the Directors' and Auditors' Reports thereon as included in the 2012 Annual Report.

Resolution 1 Remuneration Report

To consider and, if thought fit, to approve the following resolution as an **ordinary resolution**:

"That the Remuneration Report as set out in the Annual Report for the year ended 30 June 2012 be adopted."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are urged to read the Explanatory Memorandum for further information.

Voting Exclusion

1. The Company will disregard any votes cast on Resolution 1 by or on behalf of a Restricted Voter. However, the Company need not disregard a vote if:
 - (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
 - (b) it is not cast on behalf of a Restricted Voter.
2. Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 1 unless:
 - (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
 - (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1. Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting.

Resolution 2 Re-election of MR MERVYN GREENE

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Mervyn Greene who retires in accordance with clause 3.6 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

Resolution 3 Re-election of MS GILLIAN SWABY

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Gillian Swaby who retires in accordance with clause 3.6 of the Company's Constitution and, being eligible, offers herself for re-election, be re-elected as a Director."

NOTICE OF ANNUAL GENERAL MEETING

Resolution 4 Approval to Issue Shares and Terminate the Earnout Agreement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rules 7.1 and 10.1 and for all other purposes, approval is given for the Directors to terminate the Earnout Agreement pursuant to the Heads of Agreement in consideration for the allotment and issue of up to 129,333,333 Shares (each with a deemed issue price of 11.52 cents per Share) and payment of \$100,000 to Raptor Partners Limited on, and subject to, the terms and conditions set out in the Explanatory Memorandum."

Note: Shareholders are urged to read the Independent Expert's Report prepared by BDO which report is attached to the Explanatory Memorandum accompanying this Notice of Meeting. The Independent Expert has concluded that the proposal the subject of Resolution 4 is both fair and reasonable to the Non-associated Shareholders of the Company.

Voting Exclusion

The Company will disregard any votes cast on Resolution 4 by Raptor Partners Limited and any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed, and any person associated with those persons including for this purpose Mr Mervyn Greene. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 5 Re-election of MR CHRISTOPHE URTEL

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Christophe Urtel who retires in accordance with clause 3.3 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

Resolution 6 Grant of Performance Rights to Mr Greg Cochran

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the grant of 5,500,000 Performance Rights for no consideration to Mr Greg Cochran or his nominee on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice of Meeting."

Voting Exclusion

1. The Company will disregard any votes cast on Resolution 6 by Mr Greg Cochran and any of his associates. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
2. Further, a Restricted Voter who is appointed as proxy will not vote on Resolution 6 unless:
 - (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
 - (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 6. Shareholders may also choose to direct the Chair to vote against Resolution 6 or to abstain from voting.

NOTICE OF ANNUAL GENERAL MEETING

Resolution 7 Ratification of Prior Issue of Securities

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, the issue of 42,905,598 ordinary Shares, details of which are outlined in the explanatory memorandum, is ratified."

Voting Exclusion

The Company will disregard any votes cast on Resolution 7 by Laurium General Partner Limited as general partner of Laurium L.P. and any person who participated in the issue and any person associated with those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 8 Adoption of New Constitution

To consider and if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, pursuant to and in accordance with section 136 of the Corporations Act and for all other purposes, the Constitution tabled at the meeting and signed by the Chairman of the meeting for the purposes of identification, be adopted as the Constitution of the Company in place of the existing Constitution, with effect from the close of the meeting."

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Company's Constitution and the Corporations Act.

By order of the Board



Mark Pitts
Company Secretary
Dated: 4 October 2012

GENERAL NOTES

The Directors have determined in accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 2:00 pm (WST) on 6th November 2012.

HOW TO VOTE

Shareholders can vote by either:

- * attending the meeting and voting in person or by attorney or, in the case of corporate shareholders, by appointing a corporate representative to attend and vote; or
- * appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post or by facsimile.

VOTING IN PERSON (OR BY ATTORNEY)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

VOTING BY A CORPORATION

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed.

PROXIES

A Shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- * appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act; and
- * provides satisfactory evidence of the appointment of its corporate representative.

If such evidence is not received, then the body corporate (through its representative) will not be permitted to act as a proxy.

A Shareholder that is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If two proxies are appointed and the appointment does not specify the proportion or number of votes that the proxy may exercise, section 249X of the Corporations Act takes effect so that each proxy may exercise half of the Shareholder's votes.

If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as they think fit. Should any Resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that Resolution as they think fit. If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. A Restricted Voter who is appointed as a proxy will not vote on Resolutions 1 or 6 unless:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolutions 1 and 6.

A Proxy Form accompanies this Notice of Meeting and to be effective must be received at the Company's corporate registry/registered office **by no later than 2.00 pm on 6 November 2012:**

- * Computershare Investor Services, GPO Box 242, Melbourne Victoria 3001 **OR** By facsimile: 1800 783 447 or +61 3 9473 2555
- * Deep Yellow Limited, Level 1 329 Hay Street, Subiaco Western Australia 6008 **OR** By facsimile: + 61 8 9286 6969

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Meeting.

The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions. Terms used in this Explanatory Memorandum will, unless the context otherwise requires, have the same meaning given to them in the Glossary to this Explanatory Memorandum.

The Directors recommend that Shareholders read this Explanatory Memorandum and the Independent Expert's Report in full before making any decision in relation to Resolution 4.

Shareholders should note that the Independent Expert has concluded that the issue of Shares and payment of the cash consideration to Raptor pursuant to the Heads of Agreement is fair and reasonable to the Non-associated Shareholders.

The following information should be noted in respect of the various matters contained in the accompanying Notice of Meeting.

ANNUAL ACCOUNTS AND REPORTS

The first item of the Notice deals with the presentation of the consolidated annual financial report of the Company for the financial year ended 30 June 2012 together with the Directors' declaration and report in relation to that financial year and the auditor's report on those financial statements. Appropriate time will be devoted to the consideration of these financial statements and reports of the Company for the year ended 30 June 2012. No Resolution is required to be moved in respect of this item.

The Company's auditor will be in attendance to take questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

RESOLUTION 1 ADOPTION OF THE REMUNERATION REPORT

The Board is submitting its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding Resolution.

The Remuneration Report forms part of the Directors' Report, included in the 2012 Annual Report. The Remuneration Report:

- * explains the Board's policy for determining the nature and amount of remuneration of executive Directors and senior executives of the Company;
- * explains the relationship between the Board's remuneration policy and the Company's performance;
- * sets out remuneration details for each Director and the senior executives of the Company (who are defined as being key management personnel); and
- * details and explains any performance conditions applicable to the remuneration of executive Directors and senior executives of the Company.

The vote on this Resolution is advisory only and does not bind the Directors of the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Following recent changes to the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, Shareholders will be required to vote at the second of those AGMs on a resolution ('spill resolution') that another meeting be held within 90 days at which all of the Company's Directors (excluding the Managing Director) must offer themselves for re-election. If more than 50% of Shareholders vote in favour of the spill resolution, the Company must convene an extraordinary general meeting ('spill meeting') within 90 days of the second AGM. All of the Directors who were in office when the relevant Directors' Report was approved, other than the Managing Director, will (if required) need to stand for re-election at the spill meeting.

The Company will disregard any votes cast on Resolution 1 by any person, defined as Key Management Personnel (**KMP**) and their Closely Related Parties. KMP of the Company includes each of the Directors and members of management as described in the Company's Annual Report.

The Board considers that its current practices of setting executive and non-executive remuneration are well within normal industry expectations, and provides an effective balance between the need to attract and retain the services of the highly skilled key management personnel that the Company requires. As such the Directors recommend that shareholders vote in favour of the Company's Remuneration Report at Resolution 1.

If you choose to appoint a proxy you are encouraged to direct your proxy how to vote on Resolution 1 **by either marking For, Against or Abstain** on the voting form.

By marking the 'Chairman's voting box' on the proxy form you acknowledge that the Chairman will exercise your proxy, in line with his stated intention, even if he has an interest in the outcome of the Resolution. **Your votes will not be counted for Resolution 1, if:**

- * **you have appointed the Chairman as your proxy and you do not mark the box on the Proxy Form that expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel box; or**
- * **you have appointed a Restricted Voter (apart from the Chairman) as your proxy and you do not direct your proxy how to vote.**

Please note the Chairman of the meeting intends to vote undirected proxies, that are able to be voted, in favour of the adoption of the Remuneration Report.

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The Remuneration Report is set out in the Deep Yellow Limited Annual Report 2012 and is also available on the Company's website (www.deeptyellow.com.au).

RESOLUTIONS 2 AND 3 RE-ELECTION OF DIRECTORS

Pursuant to clause 3.6 of the Company's Constitution, Directors are required on a rotational basis to retire. Being eligible, they can offer themselves for re-election to the Board by Shareholders.

Resolution 2 seeks the re-election of Mervyn Greene

Mr Mervyn Greene retires from office in accordance with the Constitution. Being eligible, he now offers himself for re-election to the Board.

Resolution 3 seeks the re-election of Gillian Swaby

Ms Gillian Swaby retires from office in accordance with the Constitution. Being eligible, she now offers herself for re-election to the Board.

RESOLUTION 4 APPROVAL OF THE PROPOSED TRANSACTION

Introduction and Relevant Background

On or about October 2006, DYL entered into an Earnout Agreement pursuant to which DYL agreed to pay Raptor, either in cash and/or Shares, earn-out payments equal to 1.5% of the in-ground value of each identified uranium oxide Mineral Resource within the Reptile Tenements upon completion of a definitive feasibility study and in respect of which a decision to mine is made. Under the Earnout Agreement, Raptor is also entitled to a yearly inspection of the operations on the Reptile Tenements and has a right to have any of the Reptile Tenements that DYL intends to voluntarily relinquish or surrender transferred to it. DYL may not assign or transfer its rights, interests and obligations under the Earnout Agreement, or the Reptile Tenements or shares in Reptile, other than to a related body corporate, without the prior written consent of Raptor (not to be unreasonably withheld or delayed). The Earnout Agreement is effective from the date of its execution for an indefinite term with respect to DYL's decision (via Reptile) to mine uranium oxide Mineral Resources within the Reptile Tenements.

On 12 June 2012, the Company and Raptor entered into a binding Heads of Agreement under which the Company and Raptor agreed, subject to the satisfaction of the conditions referred to below, to terminate the Earnout Agreement. In consideration for the termination of the Earnout Agreement and releases referred to below, the Company agreed to issue 129,333,333 Shares (**Consideration Shares**) (each with a deemed issue price of 11.52 cents per Share and a total value of \$14.9 million) to Raptor and pay them a cash amount of \$100,000.

The Heads of Agreement is conditional upon:

- * the Company obtaining all necessary consents and approvals of its Shareholders, including Shareholder approval for the purposes of Listing Rule 10.1; and
- * the Company and Raptor entering into the voluntary escrow deed for the escrow of the Consideration Shares to give effect to the arrangements below.

Raptor agrees that the Consideration Shares to be issued to it will be voluntarily escrowed as follows:

- * 50,000,000 Shares for a period of 12 months from the date of the Heads of Agreement (ie until 11 June 2013); and
- * 50,000,000 Shares for a period of 24 months from the date of the Heads of Agreement (ie until 11 June 2014); and
- * 29,333,333 Shares for a period of 36 months from the date of the Heads of Agreement (ie until 11 June 2015).

Under the Heads of Agreement Raptor will continue to have the right to nominate a Director to the Board until the cessation of the period of the voluntary escrow of the Consideration Shares issued to it.

With effect from the date the Consideration Shares are issued and the cash consideration is paid, the Earnout Agreement is terminated and each party irrevocably and unconditionally releases each other party, and its directors, servants, agents and employees, from all liability, obligations, actions, proceedings, accounts, claims, demands and losses whatsoever relating to or arising out of the Earnout Agreement.

Raptor warrants to the Company that the issue of the Consideration Shares to Raptor under the Heads of Agreement will not result in Raptor's voting power in the Company increasing to more than 20%.

Shareholder Approval for the issue of the Consideration Shares and termination of the Earnout Agreement

The Company is seeking Shareholder approval under Listing Rules 7.1 and 10.1 for the termination of the Earnout Agreement pursuant to the Heads of Agreement in consideration for the allotment and issue of up to 129,333,333 Consideration Shares (each with a deemed issue price of 11.52 cents per Share) and payment of \$100,000 to Raptor (**Proposed Transaction**).

Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the Company's securities then on issue. While the issue of Consideration Shares to Raptor would not exceed DYL's current placement capacity, approval is being sought to preserve DYL's maximum discretionary power to issue further shares up to 15% of the issued capital of the Company without requiring Shareholder approval.

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ASX Listing Rule 10.1 provides that a listed entity must not acquire a substantial asset from, or dispose of a substantial asset to, a related party, subsidiary, substantial holder or an Associate of any of those persons without shareholder approval.

An asset is substantial if its value is 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX. There are some exceptions to Listing Rule 10.1, but none are relevant in the current circumstances.

The Company is seeking Shareholder approval under Listing Rule 10.1 due to the relationship between Mr Mervyn Greene (a Director of the Company) and Raptor. As a Director, Mr Greene is a related party of DYL. From the information that is available to the Company, Raptor is an Associate of Mr Greene and as such, the Company is required to seek the approval of Shareholders under Listing Rule 10.1.4.

Based on the audited Financial Report as at 30 June 2012, the Company's total equity (for the consolidated entity) was equal to \$92,930,800. Therefore, an asset of the Company will be substantial if it is equal to 5% of this amount, which is \$4,646,540. The consideration being offered to terminate the Earnout Agreement is 129,333,333 Consideration Shares (each with a deemed issue price of 11.52 cents per Share) and a cash amount of \$100,000. The Board with the exception of Mr Mervyn Greene determined that a deemed valuation of approximately \$15 million, the consideration payable under the Proposed Transaction, was reasonable in the circumstances after giving consideration to the terms of the 2006 Earnout Agreement (details of which are set out above) and reviewing a number of valuation methodologies. The basis for negotiation with Raptor Partners considered the commercial terms originally contemplated and settled on a value having consideration for the enterprise value at the time of the discussions, as noted it assumes a deemed share value of 11.52 cents per share.

The consideration payable under the Proposed Transaction is a disposal of a substantial asset based on the IER's lowest valuation of \$7.47 million, which is greater than the threshold of \$4,646,540. Accordingly, DYL is seeking Shareholder approval under Listing Rule 10.1.

ASX Listing Rule 10.10.2 requires that the Company provide an independent expert's report addressing whether the transaction the subject of shareholder approval under ASX Listing Rule 10.1, is fair and reasonable to Non-associated Shareholders. The report prepared by BDO and attached as Annexure A to the Notice of Meeting is provided to Shareholders for this purpose.

Is the consideration payable to Raptor under the Proposed Transaction fair and reasonable?

The Independent Expert has concluded that the Proposed Transaction is fair and reasonable to the Non-associated Shareholders.

The Independent Expert's Report provides additional information in relation to the Proposed Transaction, including the advantages and disadvantages. Shareholders are urged to read the Independent Expert's Report in Annexure A. The key advantages and disadvantages identified by the Independent Expert are summarised below.

Advantages

Advantages	Description
The Proposed Transaction is fair	As set out in section 12 of the IER the Proposed Transaction is fair. RG 111 states that an offer is reasonable if it is fair.
Clarity of future position	Although the IER has assessed the value of the potential future liability for payments under the Earnout Agreement, there is a large amount of uncertainty associated with the Earnout Agreement which will be eliminated under the Proposed Transaction.
It may be easier to raise further funding to develop Deep Yellow's projects	The capital markets, and particularly the European markets, are likely to be more receptive to investing in a company with uranium projects which do not have an uncertain future liability hanging over them.
Removal of significant up front development costs of Deep Yellow's projects	With the removal of the Earnout, DYL will no longer need to consider the settlement of the Earnout when securing funding for the development of their projects should they reach a decision to mine. As the earn out is payable at the time of reaching a decision to mine, this payment occurs prior to development and would have a significant impact on the assessed net present value (NPV) of each project.

- * The Proposed Transaction is fair because the value of the liability for future payments under the Earnout Agreement is greater than the value of the consideration payable under the Proposed Transaction as set out below:

	Low	High
Value of total consideration to Raptor	\$7.47 million	\$13.03 million
Value of liability for future payments under the Earnout Agreement	\$20.86 million	\$36.87 million

Disadvantages

Disadvantages	Description
Dilution of shareholding	By issuing the Consideration Shares to Raptor, the existing interest of Shareholders will be diluted.
Cash payment	Under the Proposed Transaction, DYL will pay cash of \$100,000 to Raptor reducing the funds available for developing its projects.

Recommendations of Directors

Based on the information available, including that contained in this Explanatory Memorandum and the Independent Expert's Report and the advantages and disadvantages outlined in these documents, all the Directors (excluding Mr Greene) consider that the Proposed Transaction is in the best interests of the Company as:

EXPLANATORY MEMORANDUM

- (a) it removes the uncertainties of the unknown liability attached to the Earnout Agreement, which might otherwise impede the Company's ability to plan for and raise finance to support the development of its uranium projects; and
- (b) if the Earnout Agreement is terminated the Company will no longer be constrained in its ability to deal with any of the Reptile Tenements to the extent that the Earnout Agreement has restricted the Company from obtaining interest from third parties with respect to acquiring or earning an interest in the Reptile Tenements.

Based on the information available to it, the Company has determined that Raptor is an Associate of Mr Greene, a Director of DYL. Therefore Mr Greene will not vote in respect of Resolution 1.

The Directors (excluding Mr Greene) approved the proposal to put Resolution 4 to Shareholders and recommend that Shareholders vote in favour of Resolution 4. The Directors (excluding for Mr Greene) will vote, and cause their Associates to vote, in favour of Resolution 4.

The Notice of Meeting contains a voting exclusion statement in relation to Resolution 4.

Effect of the issue of the Consideration Shares to Raptor

Proforma Capital Structure

Set out below is a proforma capital structure of the Company as at 30 September 2012 taking into account the issue of the Consideration Shares under the Proposed Transaction contemplated by Resolution 4.

Shares	
Shares currently on issue	1,269,412,056
Consideration Shares to be issued to Raptor pursuant to Resolution 4	129,333,333
Total Shares	1,398,745,389
Performance Rights	
Performance Right currently on issue	4,940,250
Total Performance Rights	4,940,250

Proforma Statement of Financial Position

Set out below is an audited Statement of Financial Position as at 30 June 2011 and as at 30 June 2012 along with a pro-forma Statement of Net Asset Valuation as contained in the Independent Expert's report.

DYL Statement of Financial Position	Audited as at 30 June 2012 \$	Audited as at 30 June 2011 \$
Current Assets		
Cash and cash equivalents	2,221,948	11,033,098
Trade and other receivables	610,565	4,881,356
Other assets	292,596	456,170
Held for trading financial assets	57,000	258,000
Total Current Assets	3,172,109	16,628,624
Non-Current Assets		
Available for sale investments	358,533	272,667
Property, plant and equipment	1,398,904	1,853,146
Exploration and evaluation expenditure	91,169,926	122,024,322
Total Non-Current Assets	92,927,363	124,150,135
Total Assets	96,099,472	140,778,759
Current Liabilities		
Trade and other payables	1,068,672	1,657,786
Convertible loan	2,000,000	-
Financial liability	100,000	-
Total Current Liabilities	3,168,672	1,657,786
Total Liabilities	3,168,672	1,657,786
Net Assets	92,930,800	139,120,973
Equity		
Contributed equity	195,948,041	195,589,154
Accumulated losses	(111,046,335)	(62,458,120)
Reserves	8,029,094	5,989,939
Total Equity	92,930,800	139,120,973

Source: DYL Annual Reports

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Pro-forma Net Asset Valuation	Audited as at 30 June 2012 \$	Low value \$	Preferred value \$	High value \$
Current Assets				
Cash and cash equivalents	2,211,948	2,111,948	2,111,948	2,111,948
Trade and other receivables	610,565	610,565	610,565	610,565
Other assets	292,596	292,596	292,596	292,596
Held for trading financial assets	57,000	57,000	57,000	57,000
Total current assets	3,172,109	3,072,109	3,072,109	3,072,109
Non-current assets				
Available for sale investments	358,533	358,533	358,533	358,533
Property, plant and equipment	1,398,904	1,398,904	1,398,904	1,398,904
Exploration and evaluation expenditure	91,169,926	97,400,000	134,300,000	172,800,000
Total non-current assets	92,927,363	99,157,437	136,057,437	174,557,437
Total assets	96,099,472	102,229,546	139,129,546	177,629,546
Current liabilities				
Trade and other payables	1,068,672	1,068,672	1,068,672	1,068,672
Convertible loan	2,000,000	2,000,000	2,000,000	2,000,000
Financial liability	100,000	-	-	-
Total current liabilities	3,168,672	3,068,672	3,068,672	3,068,672
Total liabilities	3,168,672	3,068,672	3,068,672	3,068,672
Net assets	92,930,800	99,160,874	136,060,874	174,560,874
Shares on issue (number)	1,269,412,056	1,398,745,389	1,398,745,389	1,398,745,389
Value per share (\$)		0.0709	0.0973	0.1248
Value per share (\$) fully diluted		0.0706	0.0969	0.1244

The pro-forma Statement of Net Asset Valuation of DYL as set out in the Independent Expert's Report assumes the following:

- * a range of total valuations for DYL's exploration assets, as provided in CSA Global's Report, between a low valuation of \$99.2 million and a high valuation of \$174.6 million with a preferred valuation of \$136.1 million;
- * the number of Shares on issue has been adjusted to include the Consideration Shares to be issued to Raptor pursuant to Resolution 4; and
- * a value per Share on a fully diluted basis has been calculated assuming that all Performance Rights on issue reach the hurdles necessary to convert into Shares.

Effect on Raptor's relevant interest in DYL

Based on the information available to the Company, Raptor is not the registered holder of any Shares. However, the Company has determined that Mr Greene, a Director of DYL, is an Associate of Raptor. Raptor's relevant interest in Shares is 7.08% because Mr Greene's relevant interest is 4.06% and other Associates of Raptor's relevant interest in Shares is 3.02%. Raptor and its Associates voting power in Shares as at the date of the Notice is 7.08%. If the Shares that are the subject of Resolution 4 are issued to Raptor, Raptor will be the registered holder of 9.2% of DYL's issued share capital, and Raptor and its Associates voting power in DYL will increase to 15.6%.

Listing Rule Disclosure

The following information in relation to the Consideration Shares to be issued is provided to Shareholders for the purposes of Listing Rule 7.3:

- (a) the maximum number of Consideration Shares the Company can issue is 129,333,333 Shares;
- (b) the Company will allot and issue the Consideration Shares no later than 3 months after the date of the Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- (c) the Consideration Shares will be allotted and issued on one date;
- (c) the Consideration Shares each have a deemed issue price of 11.52 cents per Share;
- (d) the Consideration Shares will be issued and allotted to Raptor;
- (e) the Consideration Shares will be fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue; and
- (f) the purpose of the issue is to provide part consideration for termination of the Earnout Agreement in accordance with the Heads of Agreement.

The Board of Directors (excluding Mervyn Greene) unanimously recommend that Shareholders vote to approve Resolution 4.

EXPLANATORY MEMORANDUM

RESOLUTION 5

RE ELECTION OF DIRECTOR

Pursuant to clause 3.3 of the Company's Constitution any Director appointed by the Board automatically retires at the next Annual General Meeting and is eligible for re election at that meeting.

On 5 October 2012 the Company announced the proposed appointment of Mr Christophe Urtel to the Board to take place on or about 12 October 2012. Mr Urtel has more than 13 years' industry experience and prior to joining Liberum Capital in 2011 he was an Executive Director in J.P.Morgan's Principal Investment franchise in London responsible for natural resources investments. Previously he worked in J.P.Morgan and its predecessor organisations from 1999 to 2008, specialising in the mining and metals sector, providing M&A advice and raising capital on the equity and debt markets.

Mr Urtel graduated with a MSc (Mining and Finance) and BSc (First Class Honours – Geology with Engineering Geology) from the Royal School of Mines, Imperial College, London.

The Directors are very pleased to attract someone of Christophe's calibre to the Board and believe that his broad experience in the resources sector and his previous roles in the capital markets will greatly assist DYL in achieving its growth ambitions.

RESOLUTION 6

APPROVAL OF THE PROPOSED PERFORMANCE RIGHTS ISSUE

Shareholder approval is sought for the grant of up to 5,500,000 Performance Rights to Mr Greg Cochran or his nominee representing Shares (upon vesting) equal to approximately 0.4% of the Company's current number of issued Shares.

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the proposed grant of Performance Rights involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of the Performance Rights to Mr Cochran.

The Performance Rights to be granted to Mr Cochran are to be issued on terms and conditions consistent with those of the Deep Yellow Limited Awards Plan.

Mr Cochran was appointed Managing Director in January 2011. Mr Cochran faces considerable ongoing responsibilities and challenges in his role within the Company as its Managing Director. At the time of his appointment, the Company agreed to maintain an appropriate long term incentive package, that takes into account the Company's goals and aspirations, recognises market conditions and provides an incentive to Mr Cochran. The Board believe that the grant of these Performance Rights will provide a long term incentive and promote the opportunity for Share ownership.

The 5,500,000 Performance Rights, if accepted, will be granted to Mr Cochran and will vest, subject to Mr Cochran remaining employed by the Company up to each Test Date, meeting certain vesting conditions and at the discretion of the Board.

The Performance Rights have been divided into the following tranches:

Vesting 1 December 2013

800,000 performance rights of which:

- 250,000 will vest only by reason of Mr Cochran being and remaining employed by the Company as at the relevant Test Date;
- 250,000 will vest subject to the 10 day VWAP of trading in the Shares up to the relevant Test Date being at least 10 cents per Share; and
- 300,000 will vest subject to the 10 day VWAP of trading in the Shares up to the relevant Test Date being at least 15 cents per Share.

Vesting 1 December 2014

1,450,000 performance rights of which:

- 250,000 will vest only by reason of Mr Cochran being and remaining employed by the Company as at the relevant Test Date;
- 400,000 will vest subject to the 10 day VWAP of trading in the Shares up to the relevant Test Date being at least 15 cents per Share; and
- 800,000 will vest subject to the 10 day VWAP of trading in the Shares up to the relevant Test Date being at least 20 cents per Share.

Vesting 1 December 2015

2,250,000 performance rights of which:

- 500,000 will vest only by reason of Mr Cochran being and remaining employed by the Company as at the relevant Test Date;
- 500,000 will be subject to the 10 day VWAP of trading in the Shares up to the relevant Test Date being at least 20 cents per Share; and
- 1,250,000 will be subject to the 10 day VWAP of trading in the Shares up to the relevant Test Date being at least 25 cents per Share.

EXPLANATORY MEMORANDUM

An additional 1,000,000 Performance Rights will be allocated based on specific operational achievements/milestones to be agreed prior to the offer of these Performance Rights being made.

Exercise of Performance Rights and allocation of Shares

Subject to the Board's discretion, if the vesting conditions have been satisfied, the Performance Rights will vest and be automatically exercised.

Shares allocated to Mr Cochran upon exercise of the Performance Rights rank equally with all other Shares on issue.

Chapter 2E of the Corporations Act

The grant of Performance Rights to Mr Cochran and the potential allotment and issue of Shares pursuant to the same will constitute the giving of a financial benefit to a related party of the Company, for which member approval is usually required pursuant to section 208 of the Corporations Act.

There are various exceptions to the requirement for member approval. This includes, in accordance with section 211 of the Corporations Act, where the benefit is remuneration to a related party as an officer or employee of the Company, and to give the remuneration would be reasonable given:

- * the circumstances of the Company in giving the remuneration; and
- * the related party's circumstances (including the responsibilities involved in the office or employment).

The Board is of the view that the exception in section 211 of the Corporations Act is relevant to the financial benefits to be granted to Mr Cochran under his employment agreement. Further, the Board believes that the financial benefits available to Mr Cochran under his employment agreement is commensurate with the responsibilities and performance targets expected of him.

Accordingly, the Company is not seeking the approval of members under section 208 of the Corporations Act.

Listing Rules Disclosure

Listing Rule 10.13 requires the following information to be provided in relation to the Performance Rights which may be granted pursuant to Resolutions 6.

- * The Performance Rights will be allotted and issued to Mr Cochran (or his Nominee), who is a Director of the Company.
- * The maximum number of Performance Rights to be issued to Mr Cochran is 5,500,000.
- * The Performance Rights will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules.
- * The Performance Rights will be issued to Mr Cochran for nil consideration, and as such no funds will be raised from the grant of the securities.
- * The Performance Rights will be issued on terms and conditions consistent with those of the existing Deep Yellow Limited Awards Plan and the specific vesting conditions as stated above.
- * A voting exclusion statement is included in the Notice. If you choose to appoint a proxy you are encouraged to direct your proxy how to vote on Resolution 6 by either marking For, Against or Abstain on the voting form.

RESOLUTION 7 RATIFICATION OF PRIOR ISSUE OF SECURITIES

On 5 October 2012, the Company announced to ASX that it had successfully completed the placement of the shortfall shares pursuant to its recent non-renounceable entitlement issue which closed on 20 July 2012.

The placement of 154,761,905 ordinary fully paid shares at 4.2 cents per share for \$6.5 million was to be made to a specialist mining private equity fund, Laurium L.P. ('Laurium'). As a result of the placement, Laurium would become a substantial shareholder in DYL with 10.87% of the company's issued share capital. Settlement was anticipated to occur within 7 days of the announcement.

The Placement was comprised of two tranches, the first tranche being in satisfaction of the non renounceable entitlement issue shortfall of 111,856,307 shares equating to approximately \$4.7 million and the second tranche being an excluded placement made pursuant to the Company's 15% placement capacity for 42,905,598 shares equating to approximately \$1.8 million.

Approval is being sought to ratify the 'second tranche' of the placement of 42,905,598 shares.

Listing Rule 7.1 provides that without Shareholder approval, a company must not issue or agree to issue new equity securities constituting more than 15% of its total issued capital within a 12 month period (excluding any issue of equity securities approved by Shareholders and other various permitted exceptions which are not relevant for current purposes).

Listing Rule 7.4 allows an issue of securities made without the approval of shareholders to be ratified by shareholders, in order to refresh the Placement Capacity, provided that, at the time the issue was made, the issue was made within the Company's existing Placement Capacity.

EXPLANATORY MEMORANDUM

Shareholder approval is now sought in accordance with Listing Rule 7.4 to ratify the issue of 42,905,598 Shares (second tranche of the placement) so that the Company refreshes its Placement Capacity to issue up to 15% of its issued ordinary capital, if required, in the next 12 months without first requiring shareholder approval for those future issues.

Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to Listing Rule 7.4:

- (a) the total number of equity securities granted was 42,905,598 ordinary shares;
- (b) the Shares were issued for a consideration of 4.2 cents per Share;
- (c) the Shares rank equally with existing shares on issue;
- (d) the Shares were issued to Laurium L.P.; and
- (e) the funds raised are to be applied towards the exploration, drilling, evaluation, feasibility studies and general working capital for the Company's projects.

The Directors recommend that you vote in favour of this resolution.

Resolution 8 AMENDMENTS TO THE CONSTITUTION

Purpose of amendment to the Constitution

Resolution 8 asks members to approve a special resolution adopting a new Constitution in substitution for the current Constitution of the Company. The Company's current Constitution was first adopted on 2 June 2000. The new Constitution complies with the ASX Listing Rules and the Corporations Act and is consistent with constitutions for publicly listed companies in Australia.

The Directors are of the view that it is not practicable to list all the differences between the current Constitution and the new Constitution in this Explanatory Memorandum and Shareholders are invited to contact the Company if they have any queries or concerns. A copy of the current and proposed Constitution are both available for perusal by Shareholders at the Company's registered office at Level 1, 329 Hay Street, Subiaco, Western Australia on business days, or on the "News" page of the Company's website at www.deeppyellow.com.au until the date of the Meeting, and a hard or soft copy of one or both can be obtained at any time prior to the meeting at no charge by contacting the company secretary on +61 8 9286 6999.

The proposed new Constitution is substantially similar to the current Constitution. A summary of the material differences between the current Constitution and the new Constitution are set out in the table below. However, it is not a summary of all provisions of the new Constitution, nor does it refer to all differences between the current Constitution and the new Constitution.

A number of changes have also been made to the new Constitution to accommodate changes in the law. For example:

- * the change from the "Corporations Law" to the "Corporations Act";
- * the change from the "Australian Stock Exchange" to the "Australian Securities Exchange";
- * the change from the "SCH Business Rules", and associated references, to the "ASX Settlement Operating Rules";
- * the change to the dividend payment provisions; and
- * certain notice and procedural requirements.

EXPLANATORY MEMORANDUM

Subject	Summary of Principal Amendment	Old Rule	New Rule
Reductions of Capital	Under the new Constitution, the Company may reduce its share capital in accordance with the Corporations Act and Listing Rules by way of a payment of cash or an <i>in specie</i> distribution of assets. It also provides that where the reduction of capital involves the distribution of shares in another company, that Shareholder agrees to become a member of that other company and agrees to the other company's constitution. There is no equivalent provision to this provision in the current Constitution.	32.5	2.10
Dividends	In 2010 amendments were made to the provisions of the Corporations Act dealing with the declaration and payment of dividends. The new section 254T of the Corporations Act introduces a new test which enhances the flexibility in dividend distributions which are no longer restricted solely to profits. The section however provides that a company may not pay a dividend unless: (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend; (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors. Thus a company that has a profit but which has a deficiency in net assets will no longer be able to declare a dividend to its shareholders. Also, the payment of a dividend would materially prejudice the company's ability to pay its creditors if the Company would become insolvent as a result of the payment. The proposed new Constitution removes rules which restrict payments of dividends only from profits, and permit Directors to determine the time, and amount of a dividend.	27	9
Dividend Reinvestment Plan and Selection Plan	Under the new Constitution, the Directors may establish: (a) a dividend reinvestment plan on terms they think fit under which the whole or part of a dividend due to Shareholders who participate in the plan on their shares may be applied in subscribing for securities in the Company or a related body corporate; and (b) a dividend selection plan on terms that they think fit under which participants may elect in respect of all or part of their shareholdings, to receive a dividend paid from a particular fund, reserve or out of profits from a particular source or to forego a dividend in place of another form of distribution from the Company or another body corporate or trust. There is no provision relating to a dividend reinvestment plan or selection plan in the current Constitution.	N/A	9.5 and 9.6
Winding Up	Under the new Constitution, in the distribution of surplus on the winding up of the Company, the excess is to be divided among the members in proportion to the shares held by them, irrespective of the amounts paid or credited as paid on the shares. However, the amount of the excess that would otherwise be distributed to the holder of a partly paid share must be reduced by the amount unpaid on that share at the date of the distribution. If the effect of the reduction would be to reduce the distribution to the holder of a partly paid share to a negative amount, the holder must contribute that amount to the Company. Under the current Constitution, the division of the excess is in proportion to the number of fully paid shares held by the members, and for this purpose, a partly paid share is counted as a fraction of a fully paid share equal to the proportion which the amount paid on it bears to the total issue price of the share. Under the new Constitution, if the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the members the whole or any part of the property of the company. Such a division may be otherwise than in accordance with the legal rights of Shareholders and, in particular, any class may be given preferential or special rights or may be excluded altogether or in part.	34.1	10.1, 10.2

EXPLANATORY MEMORANDUM

Subject	Summary of Principal Amendment	Old Rule	New Rule
Proportional Takeover Bids	The new Constitution requires the Company to refuse to register Shares acquired under a partial takeover offer unless a resolution is passed by Shareholders approving the offer. The rule ceases to have effect at the end of 3 years after adoption unless renewed. The effect of the proposed rule is that if a takeover offer is received for a proportion only of a class of shares in the Company, the Directors are required to convene a meeting of shareholders to vote on a resolution to approve the partial offer. That meeting must be held at least 14 days before the last day of the bid period. If no resolution is voted on at least 14 days before the last day of the bid period, such a resolution is deemed to have been approved. If the resolution is rejected, the registration of any transfer of shares resulting from that partial offer will be prohibited and, under the Corporations Act, the offer will be ineffective. If the proposed rule is adopted, it will expire 3 years after adoption unless renewed by further special resolution. Potential Advantages and Disadvantages The procedure available under the proposed rule enables the Directors to formally ascertain the views of Shareholders in respect of a partial takeover offer. This ensures that all shareholders will have an opportunity to consider a partial takeover proposal and then attend or be represented by proxy at a meeting of Shareholders called specifically to vote on the proposal. A majority of Shares voted at the meeting, excluding the Shares of the bidder and its associates, is required for the resolution to be passed. This will permit Shareholders to prevent a partial takeover offer bid proceeding if they believe that control of the Company should not be permitted to pass under the partial bid, and accordingly the terms of any future partial offer are likely to be structured to be attractive to a majority of Shareholders. It may be argued that the proposal makes a partial takeover offer more difficult to proceed and that, accordingly, such partial offers will be discouraged. This in turn may reduce the opportunities which Shareholders may have to sell some of their Shares at an attractive price to persons seeking control of the Company and may reduce any "takeover speculation" element in the Company's share price. It may also be said that the provisions constitute an additional restriction on the ability of individual Shareholders to deal freely with their Shares. The Directors consider that it is in the interests of Shareholders to have a right to vote on a partial takeover and therefore recommend the inclusion of rule 14 in the proposed new Constitution.	N/A	14
Commission	The current Constitution expressly allows for the payment of a brokerage or commission to a person in respect of that person who agrees to take up shares in the Company. In the new Constitution, the Directors may exercise the power conferred by the Corporations Act to make payments by way of brokerage or commission in respect of subscriptions for shares. The payment may be made in cash, by the issue and allotment of shares, the issue of debentures or by a combination of any of those methods.	22.4	2.1(e), (f)
Preference shares	Each of the current Constitution and the new Constitution permit the Company to issue preference shares. The current Constitution provides that the terms of issue for preference shares are as set out in the schedule to the Constitution, unless other rights have been approved by special resolution of the Company. The proposed rights and restrictions for preference shares under the new Constitution are similar to the terms of issue under the current Constitution. However, under the new Constitution, the right of priority of a holder of preference shares to repayment of capital and dividends, will apply not only in a winding up, but also if there is a reduction of capital. In addition, the new Constitution specifies items that must be addressed by the Directors in relation to any preference shares that have a right of conversion to another class of security. This is not provided for in the current Constitution. The terms of issue in the current Constitution include terms relating to the redemption of a redeemable preference shares, whereas there are no such provisions in the new Constitution.	Schedule	2.3

The Board of Directors unanimously recommend that Shareholders vote to approve Resolution 8 and adopt the proposed new Constitution for the Company.

APPENDIX 1

GLOSSARY OF TERMS

In this Explanatory Memorandum the following expressions have the following meanings:

\$ means Australian dollars, the legal currency of Australia;

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Associates has the meaning given to that term in the Corporations Act.

BDO or Independent Expert means BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045.

Board means the board of Directors.

Business Day means a business day as defined in the Listing Rules.

Closely Related Party has the meaning given to that term in the Corporations Act.

Company or DYL means Deep Yellow Limited ACN 006 391 948.

Consideration Shares means 129,333,333 Shares to be issued to Raptor under the Heads of Agreement.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

CSA Global's Report means the independent specialist current technical market valuation report dated 24 August 2012 by CSA Global Pty Ltd of the mineral assets of DYL in Namibia and Australia.

Deep Yellow Awards Plan means the Deep Yellow Limited Awards Plan 2010 approved by Shareholders at the 2010 Annual General Meeting.

Directors means the directors of DYL from time to time.

Earnout Agreement means the earnout agreement made on or about October 2006 between the Company, Raptor, Maitland Trustees Limited (as trustee for the MGR Trust) and Theseus Limited (as trustee for the Oyster Trust) and, in respect of which MGR Trust and the Oyster Trust assigned to Raptor all of their respective rights, title, interest and benefits in and to the earnout agreement pursuant to a deed of assignment and assumption dated 3 January 2012.

Equity Securities has the same meaning as in the Listing Rules.

Heads of Agreement means the heads of agreement dated 12 June 2012 between DYL and Raptor.

Independent Expert's Report or IER means the report prepared by the Independent Expert for the purposes of Resolution 4, attached at Annexure A to this Explanatory Memorandum.

Key Management Personnel or KMP has the meaning given to the term key management personnel in the Accounting Standards.

Listing Rules means the Listing Rules of ASX, as amended from time to time.

Meeting or Annual General Meeting means the annual general meeting of Shareholders convened by this Notice.

Mineral Resource has the meaning given to it in the JORC Code.

Non-associated Shareholders means Shareholders whose votes are not to be disregarded, for the purposes of Resolution 4.

Notice or Notice of Meeting means the notice of annual general meeting that accompanies this Explanatory Memorandum.

Option means an option to acquire a Share under the Deep Yellow Awards Plan.

Performance Hurdles means the conditions relating to the performance of DYL and its subsidiaries and associated companies (and the manner in which those conditions will be tested) for the purposes of determining the number of a participant's Performance Rights which may be exercised, as set out in the participant's invitation.

Performance Right means a right to acquire a Share under the Deep Yellow Awards Plan.

Proposed Transaction means the termination of the Earnout Agreement pursuant to the Heads of Agreement in consideration for the allotment and issue of up to 129,333,333 Consideration Shares (each with a deemed issue price of 11.52 cents per Share) and payment of \$100,000 to Raptor.

Raptor or Raptor Partners Limited means Raptor Partners Limited, a company registered in the British Virgin Islands and having registration number 326926.

Reptile means Reptile Uranium Namibia (Pty) Ltd, a wholly owned subsidiary of DYL.

Reptile Tenements means the area of the tenements held by Reptile being exclusive prospecting licences 3496, 3497, 3498 and 3499 in Namibian, and any replacement, renewal or extension thereof.

Resolution means a resolution referred to in the Notice of Meeting.

Restricted Voter means Key Management Personnel and their Closely Related Parties.

Second Tranche means the placement of 42,905,598 ordinary shares, refer to Resolution 7.

Share means a fully paid ordinary share in the capital of DYL.

Shareholder or DYL Shareholder means a holder of one or more Shares.

Test Date in relation to a Performance Right means the date at which the Performance Hurdles are to be measured to determine whether that Performance Right becomes a Vested Performance Right.

Vested Performance Right means a Performance Right which has not vested in accordance with the Deep Yellow Awards Plan.

WST means Australian Western Standard Time.

Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

000001 000 DYL
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au



Cast your proxy vote



Access the annual report



Review and update your securityholding

Your secure access information is:

Control Number: 999999

SRN/HIN: 1999999999

PIN: 99999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 2:00pm (WST) Tuesday 6 November 2012

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Deep Yellow Limited hereby appoint

☐

the Chairman
of the Meeting OR



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Deep Yellow Limited to be held at **The Celtic Club, 48 Ord Street, West Perth, Western Australia on Thursday 8 November 2012 at 2:00pm (WST)** and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1 & 6 (except where I/we have indicated a different voting intention below) even though Items 1 & 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 1 & 6 by marking the appropriate box in step 2 below.

Important for Item 4: If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on Items 4 below, please mark the box in this section. If you do not mark this box and you have not otherwise directed your proxy how to vote on Item 4, the Chairman of the Meeting will not cast your votes on Item 4 and your votes will not be counted in computing the required majority if a poll is called on this item. The Chairman of the Meeting intends to vote undirected proxies in favour of Item 4 of business.

☐

I/We acknowledge that the Chairman of the Meeting may exercise my/our proxy even if the Chairman has an interest in the outcome of **Item 4** and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Remuneration Report	☐	☐	☐
2 Re-election of Mr Mervyn Greene	☐	☐	☐
3 Re-election of Ms Gillian Swaby	☐	☐	☐
4 Approval to Issue Shares and terminate the Earnout Agreement	☐	☐	☐
5 Re-election of Mr Christophe Urtel	☐	☐	☐
6 Grant of Performance Rights to Mr Greg Cochran	☐	☐	☐
7 Ratification of Prior Issue of Securities	☐	☐	☐

	For	Against	Abstain
8 Adoption of New Constitution	☐	☐	☐

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

_____ / _____ / _____

Date

D Y L

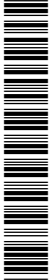
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Computershare +



Deep Yellow Limited

ABN 97 006 391 948



└ 000001 000 DYL
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Dear Securityholder,

We have been trying to contact you in connection with your securityholding in Deep Yellow Limited. Unfortunately, our correspondence has been returned to us marked "Unknown at the current address". For security reasons we have flagged this against your securityholding which will exclude you from future mailings, other than notices of meeting.

Please note if you have previously elected to receive a hard copy Annual Report (including the financial report, directors' report and auditor's report) the dispatch of that report to you has been suspended but will be resumed on receipt of instructions from you to do so.

We value you as a securityholder and request that you supply your current address so that we can keep you informed about our Company. Where the correspondence has been returned to us in error we request that you advise us of this so that we may correct our records.

You are requested to include the following;

- > Securityholder Reference Number (SRN);
- > ASX trading code;
- > Name of company in which security is held;
- > Old address; and
- > New address.

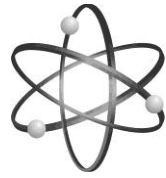
Please ensure that the notification is signed by all holders and forwarded to our Share Registry at:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001
Australia

Note: If your holding is sponsored within the CHESS environment you need to advise your sponsoring participant (in most cases this would be your broker) of your change of address so that your records with CHESS are also updated.

Yours sincerely

Mr Mark Pitts
Company Secretary



Deep Yellow Limited

NOTICE OF ANNUAL GENERAL MEETING

ANNEXURE A

Independent Expert's Report

This is the Annexure referred to in the Notice of Annual General Meeting for Deep Yellow Limited. This Annexure forms part of the Explanatory Memorandum and should be read in conjunction with it.

If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Shareholders are urged to read this Independent Expert's Report prepared by BDO. The Independent Expert has concluded that the proposal the subject of Resolution 4 is both fair and reasonable to the Non-associated Shareholders of the Company.



31 AUGUST 2012

DEEP YELLOW LIMITED
Independent Expert Report

**Opinion: Proposed Transaction is
fair and reasonable to non-
associated shareholders**



Financial Services Guide

31 August 2012

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (“**BDO**” or “**we**” or “**us**” or “**ours**” as appropriate) has been engaged by Deep Yellow Limited (“**Deep Yellow**”) to provide an independent expert’s report on the proposal whereby Deep Yellow will replace its potential future obligation to pay an agreed Earn Out to Raptor Partners with shares in Deep Yellow to be issued to Raptor Partners. You will be provided with a copy of our report as a retail client because you are a shareholder of Deep Yellow.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (“**FSG**”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice

Fees, Commissions and Other Benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee for this engagement is approximately \$60,000.

BDO has performed the valuation of options for the Company and the fees charged for this over the past two years amounted to \$4,896.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Deep Yellow for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 Subiaco WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service (“FOS”). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.

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Appendix 1 - Glossary

Appendix 2 - Valuation Methodologies

Appendix 3 - Independent Technical Assessment & Valuation of Deep Yellow Limited by CSA Global

31 August 2012

The Directors
Deep Yellow Limited
Level 1, 329 Hay Street
Subiaco WA 6008

Dear Sirs

INDEPENDENT EXPERT REPORT

1. Introduction

On 24 April 2012, Deep Yellow Limited (“**Deep Yellow**” or “**the Company**”) announced that it had initiated discussions to terminate an Earn Out Agreement (“**Earn Out Agreement**”) with Raptor Partners Limited (“**Raptor**”) including the potential future obligation to pay an agreed ‘Earn Out’ to Raptor pursuant to the Earn Out Agreement with cash and shares in Deep Yellow to be issued to Raptor as consideration for the termination (“**Proposed Transaction**”). On 15 June 2012, Deep Yellow announced that the terms of the Proposed Transaction had been agreed subject to the satisfaction of certain conditions, including shareholder approval.

2. Summary and Opinion

2.1 Purpose of the report

The Directors of Deep Yellow have requested that BDO Corporate Finance (WA) Pty Ltd (“**BDO**”) prepare an Independent Expert Report (“**Our Report**”) to express an opinion as to whether or not the Proposed Transaction is fair and reasonable to the non associated shareholders of Deep Yellow (“**Shareholders**”).

Our report will accompany the Notice of Meeting and Explanatory Memorandum to be sent to Shareholders in order to assist the Shareholders in their decision whether or not to approve the Proposed Transaction.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission (“**ASIC**”) Regulatory Guide 111 (“**RG 111**”), ‘Content of Expert’s Reports’ and Regulatory Guide 112 (“**RG 112**”) ‘Independence of Experts’.

In arriving at our opinion, we have assessed the terms of the Proposed Transaction as outlined in the body of this report. We have considered:

- How the value of the liability for the potential future obligation to pay an Earn Out to Raptor compares to the value of the shares issued as consideration to extinguish the liability;
- The likelihood of a superior alternative proposal being available to Deep Yellow in addressing the liability for the potential future obligation to pay an Earn Out to Raptor;
- Other factors which we consider to be relevant to Shareholders in their assessment of the Proposed Transaction; and

- The position of Shareholders should the Proposed Transaction not proceed.

2.3 Opinion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that the Proposed Transaction is fair and reasonable to Shareholders.

2.4 Fairness

In Section 12 we determined how the value of the total consideration to Raptor compares with the value of the liability for the payment under the Earn Out Agreement to be extinguished as consideration for the issue of shares and cash as set out below:

	Ref	Low	High
Value of total consideration to Raptor	11	\$7.47 million	\$13.03 million
Value of liability for future payments under the Earn Out Agreement	12	\$20.86 million	\$36.87 million

We note from the table above that the value of the liability for future payments under the Earn Out Agreement is greater than the value of the total consideration to Raptor and therefore the Proposed Transaction is fair.

The value of the liability for future payments under the Earn Out Agreement is essentially a base case, representing the value if the 'Decision to Mine' is made today and including the potential liability arising from the current level of mineral resource identified for all four of Deep Yellow's Namibian uranium projects.

Consequently we have addressed sensitivities to determine how much the key inputs/variables would have to change for the Proposed Transaction to be not fair.

Effectively we have addressed the sensitivity of the valuation of the liability for future payments under the Earn Out Agreement to the following inputs:

- Projects included. How is the value affected if only one, or only some, of the projects ever reach the stage of a 'Decision to Mine'?
- The timing of a 'Decision to Mine'. How is the value affected if the 'Decision to Mine' is not reached until some future point in time?
- Future Spot Price. How is the value affected by the current expectations of the future spot price for U₃O₈ in Australian Dollars?
- Quantum of the mineral resource. How is the value affected by a change in the quantum of identified mineral resource?

All the sensitivities that were assessed were found not to affect the conclusion that the Proposed Transaction is fair.

We also assessed a combination of sensitivities representing the range of outcomes in terms of the projects proceeding to a 'Decision to Mine' and the timing of that future 'Decision to Mine'. These combinations of sensitivities also did not affect the conclusion that the Proposed Transaction is fair.

Further details of these sensitivities are set out in section 13 of this report.

2.5 Reasonableness

We have considered the analysis in Section 14 of this report, in terms of both

- advantages and disadvantages of the Proposed Transaction; and
- alternatives, including the position of Shareholders if the Proposed Transaction does not proceed.

In our opinion, the position of Shareholders if the Proposed Transaction is approved is more advantageous than the position if the Proposed Transaction is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal we believe that the Proposed Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantage	Section	Disadvantage
14.3	The Proposed Transaction is fair	14.4	Dilution of shareholding
14.3	Clarity of future position	14.4	Cash payment
14.3	Ease of raising further funding to develop Deep Yellow's projects		
14.3	Removal of a significant up front cost to the development of Deep Yellow's Projects		

3. Scope of the Report

3.1 Purpose of the Report

Deep Yellow have engaged BDO to prepare this report for provision to Shareholders to assist them in deciding whether or not to approve the Proposed Transaction.

Deep Yellow cannot definitively determine that ASX Listing Rule 10.1 does not apply but if it does an IER would be required by the ASX Listing Rules.

3.2 Regulatory guidance

Neither the ASX Listing Rules nor the Corporations Act defines the meaning of “fair and reasonable”. In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

RG 111 does not provide specific guidance in relation to a fair and reasonable report required by the ASX. However, RG 111 provides guidance on how a control transaction should be considered. We do not consider the Proposed Transaction to be a control transaction. As such, we have used RG 111 as a guide for our analysis but have considered the Proposed Transaction as if it were not a control transaction.

In determining whether the advantages of the Proposed Transaction outweigh the disadvantages, we have had regard to the views expressed by ASIC in RG 111. This Regulatory Guide suggests that an opinion as to whether the advantages of a transaction outweigh the disadvantages should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to affect it.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities which are the subject of the offer.

Applying this guidance to the Proposed Transaction for Deep Yellow, we consider that the Proposed Transaction is fair if the value of the liability (for the potential future obligation to pay an Earn Out to Raptor) being extinguished is greater than the value of the total consideration being the cash payment and Deep Yellow shares to be issued to Raptor.

RG 111 states that this fairness comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. RG 111 states that when considering the value of the securities in a control transaction the expert should consider this value inclusive of a control premium. However, as stated in Section 3.2 we do not consider that the Proposed Transaction is a control transaction. As such, we have not included a premium for control when considering the value of Deep Yellow shares.

RG 111 states that when consideration is in the form of scrip then the expert should consider this value on a minority interest basis.

Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher alternative proposal.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of the liability for the potential future obligation to pay an Earn Out to Raptor compares to the value of the total consideration to Raptor to extinguish the liability (fairness - see Section 12 "Is the Proposed Transaction fair?"); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the Proposed Transaction, after reference to the value derived above (reasonableness - see Section 13 "Is the Proposed Transaction reasonable?").

This assignment is a Valuation Engagement as defined by APES 225 Valuation Services. A Valuation Engagement means an engagement or assignment to perform a valuation and provide a valuation report where we determine an estimate of value of the Company by performing appropriate valuation procedures and where we apply the valuation approaches and methods that we consider to be appropriate in the circumstances.

4. Outline of the Proposed Transaction

On 24 April 2012, Deep Yellow announced that it had commenced discussions with Raptor for the termination of earn-out rights set out in the Earn Out Agreement.

On 15 June 2012, Deep Yellow announced details of the Proposed Transaction being a proposal to terminate the potential future obligation to pay an agreed Earn Out to Raptor pursuant to the Earn Out Agreement with Raptor, in consideration for a cash payment and shares in Deep Yellow to be issued to Raptor. The terms of the Proposed Transaction were set out in 'Heads of Agreement' dated 12 June 2012 ("Heads of Agreement").

The Earn Out Agreement was entered into in October 2006 in connection with the merger of the uranium interests of Deep Yellow and Raptor. The merger was achieved by Deep Yellow acquiring 100% of the shares in Raptor Minerals Ltd, a company incorporated in the British Virgin Islands, for consideration of cash and the issue of Deep Yellow shares. We understand from the Company Secretary of Deep Yellow that the Deep Yellow shares were not issued to Raptor directly but were issued to various individuals and trusts nominated by Raptor.

The Earn Out Agreement gave Raptor the right to receive further Earn Out payments equal to 1.5% of the in-ground value of any identified uranium oxide mineral resource within the area of the tenements in respect of which a 'Decision to Mine' is made, being a decision by the holder of the tenements, based on a definitive feasibility study, to proceed with the development of a mining operation for a mineral resource within the area of the tenements.

The Proposed Transaction will extinguish the future obligation of Deep Yellow to make further Earn Out payments by paying \$100,000 in cash ("Cash Consideration") and by issuing 129,333,333 fully paid ordinary shares in Deep Yellow to Raptor ("Consideration Shares"). The Consideration Shares will be escrowed as follows:

- 50,000,000 shares for a period of 12 months from the date of the Heads of Agreement (until 11 June 2013)
- 50,000,000 shares for a period of 24 months from the date of the Heads of Agreement (until 11 June 2014)
- 29,333,333 shares for a period of 36 months from the date of the Heads of Agreement (until 11 June 2015).

Both payment of the Cash Consideration and the issue of the Consideration Shares are subject to the satisfaction of certain conditions including Deep Yellow receiving all the necessary consents and approvals of shareholders under the Corporations Act and the ASX Listing Rules.

Deep Yellow	Existing shareholders		Raptor		Total	
	Number	%	Number	%	Number	%
Current shares prior to Proposed Transaction	1,269,412,056	100%	-	0%	1,269,412,056	100%
Performance rights	4,940,250		-		4,940,250	
Total after exercise of options & performance rights	1,274,352,306	100%	-	0%	1,274,352,306	100%
Shares issued in Proposed Transaction	-		129,333,333		129,333,333	
Total after Proposed Transaction	1,274,352,306	91%	129,333,333	9%	1,403,685,639	100%

The above table states the current Deep Yellow shares owned by Raptor as nil. This is based on the information available to the Company.

Based on the information available to it, the Company has determined that Raptor is an Associate of Mr Mervyn Greene (“Mr Greene”), a Director of Deep Yellow. Raptor's relevant interest in Shares as at the date of the Notice of Meeting is 7.08% because Mr Greene's relevant interest in Shares is 4.06% and other Associates of Raptor's relevant interest in Shares is 3.02%. If the Consideration Shares that are the subject of Resolution 4 of the Meeting are issued to Raptor, Raptor and its Associates will be the registered holders of 15.61% of DYL's issued share capital.

As part of the Proposed Transaction Raptor warrants that the issue of Consideration Shares under the Proposed Transaction will not result in its or another party's voting power (as defined by the Corporations Act 2001) exceeding 20%.

Deep Yellow's stated corporate strategy is to accelerate development of its exploration projects in Namibia by accessing investors with the appetite for African projects in the uranium mining sector. An important element of this overall strategy is that the existing earn-out rights are settled in order to present a cleaner offering for prospective investors without the potential future obligation to Raptor.

In addition, Raptor accepting shares in Deep Yellow through the Proposed Transaction shows that Raptor strongly supports the future strategy of Deep Yellow for developing its Namibian assets.

5. Profile of Deep Yellow

5.1 History

Deep Yellow is an ASX listed uranium exploration company operating in the Southern African nation of Namibia and in Australia. The Company's Namibian exploration is conducted by its wholly owned subsidiary Reptile Uranium Namibia (Pty) Ltd.

Merger with Raptor

In October 2006, Deep Yellow announced that it had entered into an agreement with Raptor to merge the uranium interests of Deep Yellow and Raptor. This was achieved by Deep Yellow acquiring 100% of the shares in Raptor Minerals Ltd for consideration of cash and the issue of Deep Yellow shares. In addition to the cash and shares, an Earn Out Agreement was entered into which gave Raptor the right to receive further Earn Out payments equal to 1.5% of the in-ground value of any identified uranium oxide mineral resource within the area of the tenements in respect of which a 'Decision to Mine' is made, being a decision by the holder of the tenements, based on a definitive feasibility study, to proceed with the development of a mining operation for a mineral resource within the area of the tenements. The only mechanism for the payment under the agreement is based on uranium quantities and prices as such only decisions to mine in respect of uranium would result in an earn out.

Non-renounceable entitlement issue

On 19 June 2012, Deep Yellow announced a 2 for 9 non-renounceable entitlement issue to its shareholders at an issue price of 4.2 cents per share ("Rights Issue"). The Rights Issue therefore was for up to a total of 250,830,312 new shares and raising up to \$10,534,873 before costs.

The Rights Issue was underwritten by Patersons Securities Limited ("Patersons") up to \$5,800,000.

On 2 August 2012 Deep Yellow announced that, as a result of the Rights Issue a total of 138,977,938 shares were issued at 4.2 cents per share raising \$5,837,069 before costs. Deep Yellow also announced that it was continuing to work with Patersons to place the non-underwritten shortfall shares.

5.2 Projects

Namibia

Deep Yellow has several projects currently in progress in Namibia. These include the Omahola Project, Shiyela Iron Project, INCA Project and Tubas Red Sand Project.

Deep Yellow's major project is the Omahola Project which will comprise a processing plant located close to the Ongolo Alaskite deposit, treating a blend of primary ore from the Ongolo and MS7 Alaskite deposits. The Pre-Feasibility study commenced in 2010 concluded that an annual production rate of 2.2 Mlbs of U₃O₈ could be sustained over a period of 12 years. Following the selection of a likely location for the processing plant and the acquisition of sufficient resource definition, an environmental impact assessment is expected to be conducted in 2012. Production is aimed to begin in 2015.

In 2008 Deep Yellow's wholly owned subsidiary company Reptile Uranium Namibia (Pty) Ltd recognised substantial magnetite deposits in the Shiyela region of Namibia. The exploration phase of the Shiyela Iron Project was commenced mid-2010 and concluded mid-2011. Key findings included the potential for the project to have a mining life of up to 15 years. Furthermore, chemical assays determined that the magnetite was of exceptional quality and had high levels of iron content. On 11 December 2011, Reptile Uranium Namibia (Pty) Ltd submitted a mining license application to the Namibian Ministry of Mines and

Energy. In 2012 there are plans to commence more in depth feasibility studies to continue the progress of the Shiyela iron project. A scoping study was completed and announced to the market on 27 January 2012. Following this study a funding partner is being sought for the bankable feasibility study and RMB Namibia has been appointed to conduct a strategic review and assist with the partner search.

Australia

Deep Yellow has projects set up in the Northern Territory as well as Queensland, where activity is predominantly focussed in the Mount Isa district. Deep Yellow's major operation in the Northern Territory is the Napperby Project. During the 1970's and early 1980's a palaeochannel hosted uranium deposit was discovered by Uranerz. Stretching over a strike line of 20km, the deposit was conveniently located. On a geographical scale, the deposits were situated only 175km North-West of Alice Springs and 20km away from the Alice Springs - Darwin gas pipeline. In 2007 the project was optioned to Toro Energy Limited which had until May 2007 to exercise the option but chose not to. Consequently the Napperby Project is now 100% owned by Deep Yellow. The Napperby calcrete-hosted uranium deposit has an Inferred JORC Compliant resource of 9.34 Mt at 359 ppm U_3O_8 for 3,351 tonnes.

Deep Yellow's Queensland project involved several drilling programmes from 2008 to 2010. The programmes were designed to increase understanding and confidence in regards to the resources in the Mount Isa district. The results of the programme indicated that higher grades of mineralisation existed in the area. The Mount Isa JORC Compliant Resource is estimated at 4.7 Mlbs of U_3O_8 at grade of 460 ppm U_3O_8 (comprising 2.3Mlb indicated resource and 2.5Mlb inferred resource).

5.3 Historical Balance Sheet

Deep Yellow Statement of Financial Position	Audited as at 30-Jun-12 \$	Audited as at 30-Jun-11 \$
CURRENT ASSETS		
Cash and cash equivalents	2,211,948	11,033,098
Trade and other receivables	610,565	4,881,356
Other assets	292,596	456,170
Held for trading financial assets	57,000	258,000
TOTAL CURRENT ASSETS	3,172,109	16,628,624
NON-CURRENT ASSETS		
Available for sale investments	358,533	272,667
Property, plant and equipment	1,398,904	1,853,146
Exploration and evaluation expenditure	91,169,926	122,024,322
TOTAL NON-CURRENT ASSETS	92,927,363	124,150,135
TOTAL ASSETS	96,099,472	140,778,759
CURRENT LIABILITIES		
Trade and other payables	1,068,672	1,657,786
Interest bearing loan	2,000,000	-
Financial liability	100,000	-
TOTAL CURRENT LIABILITIES	3,168,672	1,657,786
TOTAL LIABILITIES	3,168,672	1,657,786
NET ASSETS	92,930,800	139,120,973

Deep Yellow Statement of Financial Position	Audited as at 30-Jun-12 \$	Audited as at 30-Jun-11 \$
EQUITY		
Contributed equity	195,948,041	195,589,154
Accumulated losses	(111,046,335)	(62,458,120)
Reserves	8,029,094	5,989,939
TOTAL EQUITY	92,930,800	139,120,973

Source: Deep Yellow Annual Report 2011 and 2012

The key asset of Deep Yellow is its mineral projects in Africa and Australia, shown on the balance sheet as 'exploration and evaluation expenditure'.

Cash has reduced from \$11.0 million to \$2.2 million over the year to 30 June 2012. Note that this is prior to the completion of the Rights Issue in July 2012 with \$5.8 million before costs being raised.

5.4 Historical Income Statements

Deep Yellow Statement of Comprehensive Income	Audited Year to 30-Jun-12 \$	Audited Year to 30-Jun-11 \$	Audited Year to 30-Jun-10 \$
Revenue from continuing operations			
Interest revenue	381,512	1,214,316	1,873,970
Other income	115,608	227,577	99,310
Revenue and Other Income	497,120	1,441,893	1,973,280
Depreciation and amortisation expenses	(298,747)	(493,011)	(560,950)
Marketing expenses	(208,447)	(182,489)	(122,895)
Occupancy expenses	(243,672)	(238,062)	(223,328)
Administrative expenses	(1,766,016)	(1,737,970)	(1,149,033)
Employee expenses	(2,141,495)	(2,004,959)	(3,163,846)
Exploration expenditure written off	(36,803,625)	(2,159,944)	(1,035,221)
Settlement of Raptor Earn Out Agreement	(7,407,333)	-	-
Net fair value gain/(loss) on held for trading financial assets	(125,000)	230,000	(89,800)
Impairment on available for sale financial assets	(91,000)	-	(133,067)
Loss from continuing operations before income tax	(48,588,215)	(5,144,542)	(4,504,860)
Income tax benefit/(expense)	-	1,581,488	(3,562)
Loss from continuing operations after income tax	(48,588,215)	(3,563,054)	(4,508,422)
Other comprehensive income			
Foreign currency (loss)/profit	(5,734,391)	(4,225,653)	(220,880)
Net fair value (losses)/gains on available for sale financial assets	(24,133)	40,133	(320,384)
Total other comprehensive (loss)/profit for the period	(5,758,524)	(4,185,520)	(541,264)
Total comprehensive loss for the period	(54,346,739)	(7,748,574)	(5,049,686)

Source: Deep Yellow Annual Report 2011 and 2012

During the year to 30 June 2012 Deep Yellow wrote off \$36,803,625 of exploration expenditure. This arose due to a significant change in management's strategic direction for Deep Yellow meaning a scaling back of expenditure on Australian tenements to use funds in developing the Group's Namibian interests, \$36.8 million of capitalised Exploration and Evaluation expenditure for the Australian area of interest was impaired during the year. In respect of the Queensland tenements, substantive expenditure on further exploration for and evaluation of mineral resources is neither budgeted nor planned. Accordingly, management completed an impairment assessment of the carrying value of Queensland tenements by reference to the fair value of the present JORC mineral resources for the location. As a result, the carrying value of Queensland assets was written down to its estimated recoverable value.

The foreign currency losses in recent years are due to the strength of the Australian dollar with significant expenditure by Deep Yellow developing its projects in Africa.

The expense for the settlement of the Raptor Earn Out Agreement has been calculated as \$7,407,333 (comprising 129,333,333 Consideration Shares at the market price per share on 12 June 2012 of \$0.0565 plus cash of \$100,000).

5.5 Capital Structure

The share structure of Deep Yellow as at 27 August 2012 is outlined below:

	Number
Total ordinary shares on issue	1,269,412,056
Top 20 shareholders	838,631,528
Top 20 shareholders - % of shares on issue	66.06%

Source: Computershare

The ordinary shares held by the most significant shareholders of Deep Yellow as at 27 August 2012, with the combined holdings of known associates aggregated, are detailed below.

We note that prior to the Proposed Transaction, Raptor holds no shares in Deep Yellow.

Name	Number of Shares Held	Percentage of Issued Shares
Paladin Energy Ltd	297,198,282	23.41%
HSBC Custody Nominees (Australia) Limited	150,891,972	11.89%
Mr Robert Healy	72,920,312	5.74%
Dr Leon Pretorius	70,750,681	5.57%
Subtotal	591,761,247	46.62%
Others	677,650,809	53.38%
Total ordinary shares on Issue	1,269,412,056	100.00%

Source: Computershare

The range of shares held in Deep Yellow as at 27 August 2012 is as follows:

Range of Shares Held	Number of Shareholders	Number of Shares	Percentage of Issued Shares
1 - 1,000	252	82,507	0.01%
1,001 - 5,000	1,498	5,267,642	0.41%
5,001 - 10,000	1,553	12,450,668	0.98%
10,001 - 100,000	3,781	129,106,133	10.17%
100,001 - and over	848	1,122,505,106	88.43%
TOTAL	7,932	1,269,412,056	100.00%

Source: Computershare

There are also unlisted performance rights of Deep Yellow on issue as outlined below:

Number of shares	Grant date	Vesting date	Expiry date	Vesting conditions
320,000	16-Nov-11	30-Nov-12	28-Feb-19	Time based and market price test in that 10 VWAP of trading in DYL shares up to 30 Nov 2012 is not less than 25c
300,000	28-Feb-11	30-Jun-13	28-Feb-18	Time based
1,200,000	28-Feb-11	30-Jun-13	28-Feb-18	Time based and market price test (10 VWAP of trading in DYL shares up to 30 Jun 2013) schedule: Test price < 41c 0 rights vest Test price between 41c and 47c 399,960 rights vest Test price between 47c and 54c 799,920 rights vest Test price higher than 54c 1,200,000 rights vest
150,000	28-Feb-11	1-Jul-13	28-Feb-18	Time based
600,000	28-Feb-11	1-Jul-13	28-Feb-18	Time based and market price test in that 10 VWAP of trading in DYL shares up to 1 Jul 2013 is not less than 30c
600,000	16-Nov-11	30-Nov-12	7-Jul-18	Time based and market price test in that 10 VWAP of trading in DYL shares up to 30 Nov 2012 is not less than 25c
363,280	9-Dec-11	1-Jul-13	9-Dec-18	Time based
544,920	9-Dec-11	1-Jul-14	9-Dec-18	Time based
544,920	9-Dec-11	1-Jul-14	9-Dec-18	Time based and market price test in that 10 VWAP of trading in DYL shares up to 1 Jul 2014 is not less than 27.75c
317,130	13-Aug-12	1-Aug-13	3-Feb-18	Time based and market price test in that 10 VWAP of trading in DYL shares up to 1 Aug 2013 is not less than 40.2c

These performance rights were granted under an awards plan for no consideration, in order to align remuneration with shareholder wealth.

As at the date of this report, Deep Yellow did not have any options on issue.

6. The Earn Out Agreement

6.1 History

As described in section 4 above the Earn Out Agreement was entered into in October 2006 as part of the original merger between Raptor and Deep Yellow.

The formula used to calculate the amount of earn-out consideration to be paid to Raptor is:

$$EC = 1.5\% (A \times B)$$

Where:

EC = earn-out consideration in \$A converted into \$A at the spot rate for \$A against \$US on the day the 'Decision to Mine' is made

A = tonnage of uranium oxide (U_3O_8) of a Mineral Resource as provided in the 'Definitive Feasibility Study'

B = spot price for uranium in \$US per pound of uranium oxide as published by the Ux Consulting Company LLC being the daily spot price averaged over the three months period immediately preceding the day the 'Decision to Mine' is made

Under the terms of the Earn Out Agreement Deep Yellow may choose to pay the earn-out consideration by

- Cash; or
- Issuing shares in Deep Yellow; or
- A combination of cash and issuing shares in Deep Yellow.

7. Economic analysis

7.1 Current Economic Conditions

Having picked up in the early months of 2012, growth in the world economy has since softened. Current assessments are that global GDP will grow at no more than average pace in 2012. Most commodity prices have declined, which has helped to reduce inflation and provided scope for some countries to ease macroeconomic policies. Australia's terms of trade peaked nearly a year ago, though they remain historically high.

China's growth has moderated to a more sustainable pace, but does not appear to be slowing further. Conditions in other parts of Asia have recovered from the effects of last year's natural disasters, though the ongoing trend is unclear and could be dampened by the effects of slower growth outside the region. Growth in the United States continues, but at only a modest pace. The most significant area of weakness continues to be Europe, where economic activity has been contracting and policymakers confront the very difficult task of seeking to put both bank and sovereign balance sheets onto a sound footing, while promoting conditions for improved long-term growth.

Financial markets have responded positively to signs of progress, but Europe will remain a potential source of adverse shocks for some time. Low appetite for risk has seen long-term interest rates faced by highly rated sovereigns, including Australia, decline to exceptionally low levels. Nonetheless, capital markets remain open to corporations and well-rated banks and Australian banks have had no difficulty accessing funding, including on an unsecured basis. Share markets have remained volatile, though in net terms they have generally risen over the past couple of months.

In Australia, most indicators suggest growth close to trend overall. Labour market data show moderate employment growth, even with job shedding in some industries, and the rate of unemployment has thus far remained low.

Inflation remains low, with underlying measures near 2 per cent over the year to June, and headline CPI inflation lower than that. The effects of the price on carbon will start to affect these measures over the next couple of quarters. The Bank's assessment of the outlook for inflation is unchanged: it is expected to be consistent with the target over the next one to two years. Maintaining low inflation over the longer term will, however, require growth in domestic costs to continue their recent moderation as the effects of the earlier exchange rate appreciation wane.

As a result of the sequence of earlier decisions, monetary policy is easier than it was for most of 2011, with interest rates for borrowers a little below their medium-term averages. While it is too soon to see the full impact of those changes, dwelling prices have firmed a little over the past couple of months, and business credit has over the past six months recorded its strongest growth for several years. The exchange rate, however, has remained high, despite the observed decline in the terms of trade and the weaker global outlook.

At today's meeting, the Board judged that, with inflation expected to be consistent with the target and growth close to trend, but with a more subdued international outlook than was the case a few months ago, the stance of monetary policy remained appropriate.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 7 August 2012

8. Industry analysis

8.1 Uranium industry analysis

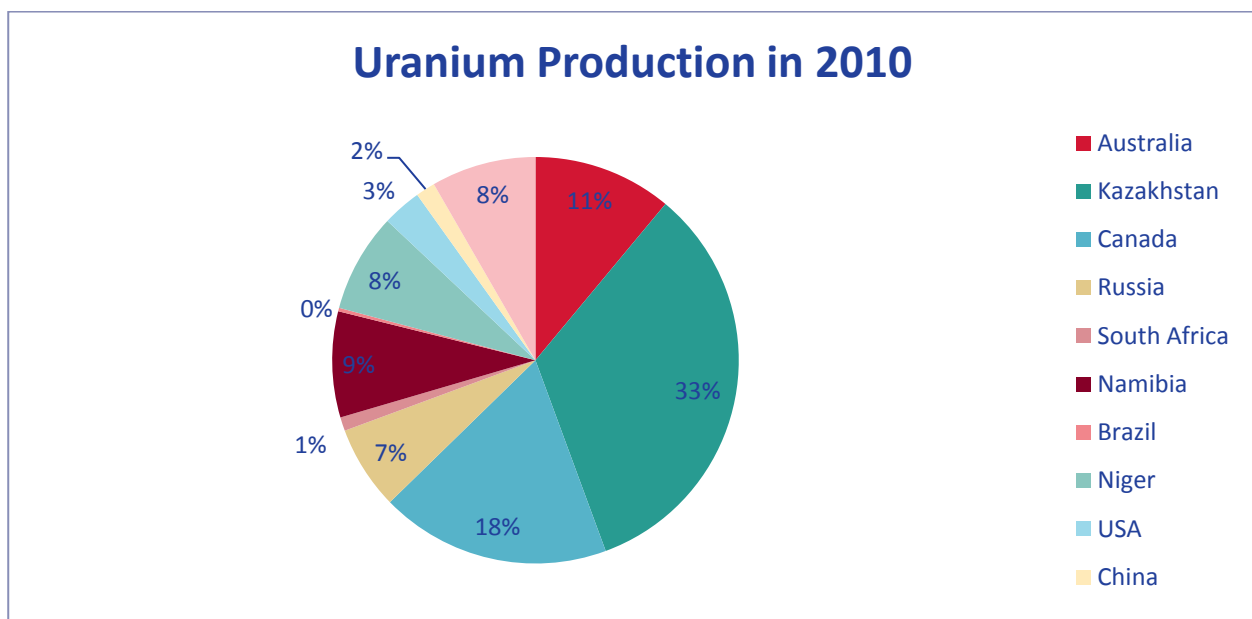
Uranium mining is the extraction of uranium ore from the ground. As uranium deposits are relatively rare, mining is concentrated to a few countries worldwide.

A prominent use of uranium from mining is as fuel for nuclear power plants. Known economically recoverable uranium ore resources are estimated to be sufficient to produce fuel for about a century, based on current consumption rates.

The state of the world's uranium market is almost wholly dependent on the global fortunes of the nuclear power generation industry. All of Australia's uranium is used for electricity generation.

8.2 Uranium Mining in Africa

Africa has considerable mineral deposits, including uranium. The leading producers of uranium in Africa include Namibia and Niger. Both Namibia and Niger began commercial uranium mining in the 1970s and have strong government support for expanding uranium mining operations. Collectively the mines in these countries account for approximately 20% of global uranium production. The largest producing African uranium mine in 2010 was the Rössing mine in Namibia which was accountable for around 6% of the world's uranium production. The uranium from the Rössing mine is sold to power utilities in Central Europe, North America, and South-East Asia. The chart below shows the world uranium production figures for 2010.



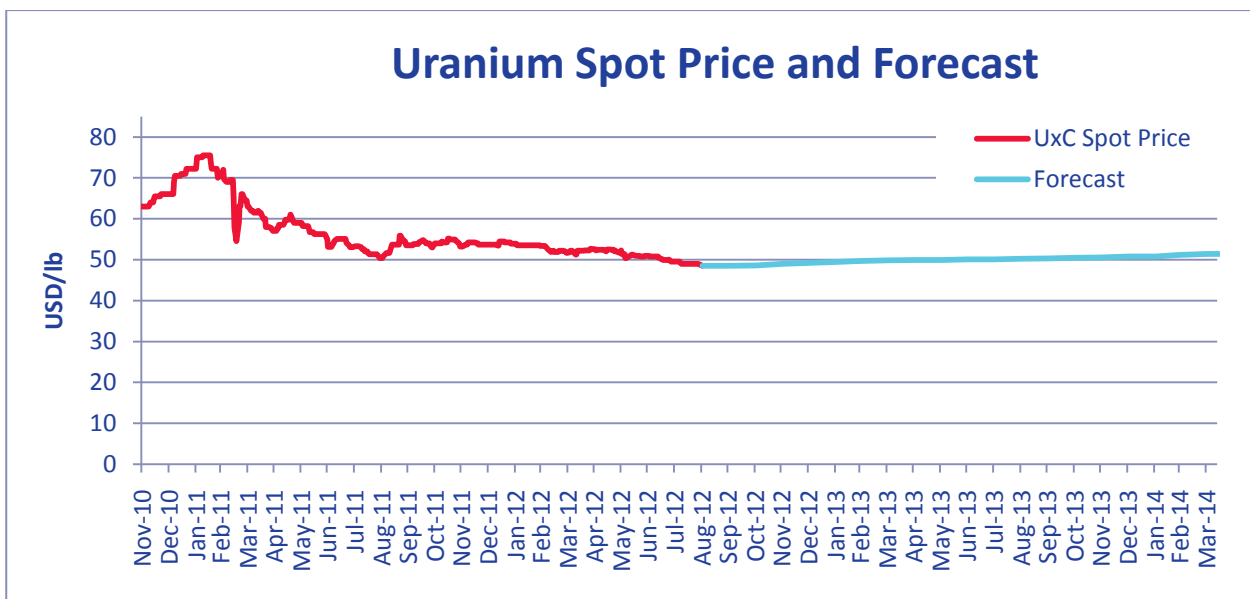
Source: World-nuclear.org

Many African countries are beginning to realise the diverse benefits from using nuclear energy. South Africa has two nuclear reactors generating 5% of its electricity with plans of increasing this figure to 14% by 2030. Nigeria is the most populous country in Africa and has consistent power shortages. To remedy this, the Nigerian Nuclear Regulatory Authority has targeted to have a 1000 Mega Watt (MWe) of nuclear capacity by 2019 and another 4000 MWe by 2030.

Many foreign companies currently operate throughout Africa in an attempt to develop the already proven uranium reserves. These companies include, Areva (Niger), Rio Tinto Limited (Namibia), Paladin Energy Limited (Namibia and Malawi) and Forte Energy NL (Guinea and Mauritania) to name a few. Although the political and economic risks to these countries are of concern for these businesses, the potential gains from the production of proven uranium reserves is extremely attractive.

8.3 Uranium Pricing

The uranium spot price as at 23 April 2012 was US\$52.25/lb U_3O_8 and at 27 August 2012 was \$48.50/lb U_3O_8 . The following table shows historical and forecast U_3O_8 price trends since 2010:



Source: Bloomberg

The devastating Tsunami in Japan has had an equally devastating effect on the uranium industry. The crippled nuclear power plant at Fukushima has cast worldwide doubt on the use of nuclear power and decreased uranium prices by over 30%. Before the Japanese crisis, uranium prices were beginning to gain momentum after a steady decline from project delays caused by the global financial crisis and issues with over supply from production in Kazakhstan. The beginning of January 2011 had shown a significant spike in uranium prices as a result of expansion in Asia. Chinese demand is expected to keep uranium supply in a deficit and thus stabilise prices in the short term.

9. Valuation Approach Adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings (“FME”)
- Discounted Cash Flow (“DCF”)
- Quoted Market Price Basis (“QMP”)
- Net Asset Value (“NAV”)
- Market Based Assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. In our assessment of the value of Deep Yellow shares we have chosen to employ the following methodologies:

- Net Asset Value
- Quoted Market Price Basis.

We have chosen these methodologies for the following reasons:

- Deep Yellow is listed on the ASX and this provides an indication of the market value where a regulated and observable market for the securities exists.
- The most significant assets of Deep Yellow are exploration assets and as such require a specialist valuation that may not be accurately provided by other methodologies.
- We instructed CSA Global Pty Ltd to provide an independent specialist current technical market valuation of the mineral assets of Deep Yellow in Namibia and Australia.
- CSA Global applied the Market Approach or Comparable Transaction Method when valuing the Namibian and Australian projects.
- Deep Yellow does not have historic profits that could be used to represent future earnings and is not likely to be profitable in the near future and so the FME valuation approach is not appropriate due to the requirement to have a stable level of future profitability on which to use the methodology.
- Deep Yellow does not have foreseeable future net cash inflows and therefore the application of DCF is not possible under the requirements of RG 111.

10. Valuation of shares in Deep Yellow

10.1 Net Asset Valuation of Deep Yellow

The value of Deep Yellow assets on a going concern basis is reflected in our valuation below:

Deep Yellow - Net Assets		Audited as at	Low	Preferred	High
	Reference	30-Jun-12	value	value	value
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	a	2,211,948	2,111,948	2,111,948	2,111,948
Trade and other receivables		610,565	610,565	610,565	610,565
Other assets		292,596	292,596	292,596	292,596
Held for trading financial assets		57,000	57,000	57,000	57,000
TOTAL CURRENT ASSETS		3,172,109	3,072,109	3,072,109	3,072,109
NON-CURRENT ASSETS					
Available for sale investments		358,533	358,533	358,533	358,533
Property, plant and equipment		1,398,904	1,398,904	1,398,904	1,398,904
Exploration and evaluation expenditure	b	91,169,926	97,400,000	134,300,000	172,800,000
TOTAL NON-CURRENT ASSETS		92,927,363	99,157,437	136,057,437	174,557,437
TOTAL ASSETS		96,099,472	102,229,546	139,129,546	177,629,546
CURRENT LIABILITIES					
Trade and other payables		1,068,672	1,068,672	1,068,672	1,068,672
Interest bearing loan		2,000,000	2,000,000	2,000,000	2,000,000
Financial liability		100,000	-	-	-
TOTAL CURRENT LIABILITIES		3,168,672	3,068,672	3,068,672	3,068,672
TOTAL LIABILITIES		3,168,672	3,068,672	3,068,672	3,068,672
NET ASSETS		92,930,800	99,160,874	136,060,874	174,560,874
Shares on issue (number)	c	1,269,412,056	1,398,745,389	1,398,745,389	1,398,745,389
Value per share (\$)			\$0.0709	\$0.0973	\$0.1248
Value per share (\$) fully diluted	d		\$0.0706	\$0.0969	\$0.1244

The table above indicates the net asset value of Deep Yellow is between \$99.2 million and \$174.6 million, with a preferred value of \$136.1 million. This represents a value per share in the range from \$0.071 and \$0.125, with a preferred value of \$0.097. Or, on a fully diluted basis, \$0.071 and \$0.124, with a preferred value of \$0.097.

There has not been a significant change in the net assets of Deep Yellow since 30 June 2012.

The following adjustments were made to the net assets of Deep Yellow as at 30 June 2012 in arriving at our valuation.

a) Cash

We have reduced cash by \$100,000 and eliminated the current financial liability of \$100,000 for the cash element of the consideration to Raptor under the Proposed Transaction.

b) Exploration and evaluation expenditure

We instructed CSA Global to provide an independent market valuation of the exploration assets held by Deep Yellow. A copy of CSA Global's Report is attached at Appendix 3. The range of values for each of Deep Yellow's exploration assets as calculated by CSA Global is set out below:

Deep Yellow - Mineral Asset valuation	Low value \$m	Preferred value \$m	High value \$m
Namibian Uranium Projects	78.7	111.7	144.7
Australian Uranium Projects	9.5	13.4	17.4
Shiyela Iron Ore	7.4	7.4	8.9
Nova Energy JV	1.8	1.8	1.8
Total	97.4	134.3	172.8

CSA Global considered a number of different valuation methods when valuing the mineral assets held by Deep Yellow. CSA Global's principal method of valuation was the Market Approach or Comparable Transaction Method considered suitable because Deep Yellow's mineral projects can readily be compared with "the transactional value of similar mineral properties transacted at arm's length in an open market". CSA Global also utilised the Appraised Value Method for the valuation of the Nova Energy JV where mineral resources have not been estimated. We consider these methods to be appropriate given the stage of development for Deep Yellow's exploration assets.

CSA Global concluded that the Income Approach Method was not appropriate.

The Namibian uranium projects were valued by applying a range of values per pound of U_3O_8 ranging from A\$ 0.78 to A\$ 1.43 across the total resource (indicated and inferred) of 101.4 Mlb. CSA Global did not distinguish between the value per pound of indicated resource and of inferred resource, but considered the aggregate as JORC resource. The breakdown of the total Namibian uranium resource between the four projects, divided between indicated and inferred is set out in the table below.

Project	Deposit	Indicated Mlb	Inferred Mlb	Total Mlb
Omahola Project	INCA	7.2	6.2	13.4
	Ongolo	13.2	4.8	18.0
	MS7	3.2	2.4	5.6
	Total	23.6	13.4	37.0
TRS Project	Sand	-	28.4	28.4
Tubas-Tumas Project	Tumas	11.6	0.3	11.9
	Tubas	-	6.1	6.1
	Total	11.6	6.4	18.0
Aussinanis Project		2.7	15.3	18.0
Total Namibian Uranium		37.9	63.5	101.4

c) Shares on issue

We have adjusted the number of shares on issue to include the 129,333,333 Consideration Shares to be issued to Raptor in the Proposed Transaction.

Note that we have not adjusted the liabilities to exclude the potential liability for future Earn Out payments which is to be extinguished in the Proposed Transaction, as the potential liability was addressed in the Annual Report merely as a note to the accounts in narrative form with no quantum of liability identified.

d) Dilution for options and performance shares on issue

We have provided a fully diluted value on the basis that all performance shares on issue reach the hurdles necessary to convert into shares. This has minimal impact on the overall value per share.

10.2 Quoted Market Price for Deep Yellow Shares

To provide a comparison to the valuation of Deep Yellow in Section 10.1, we have also assessed the quoted market price for a Deep Yellow share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 13.

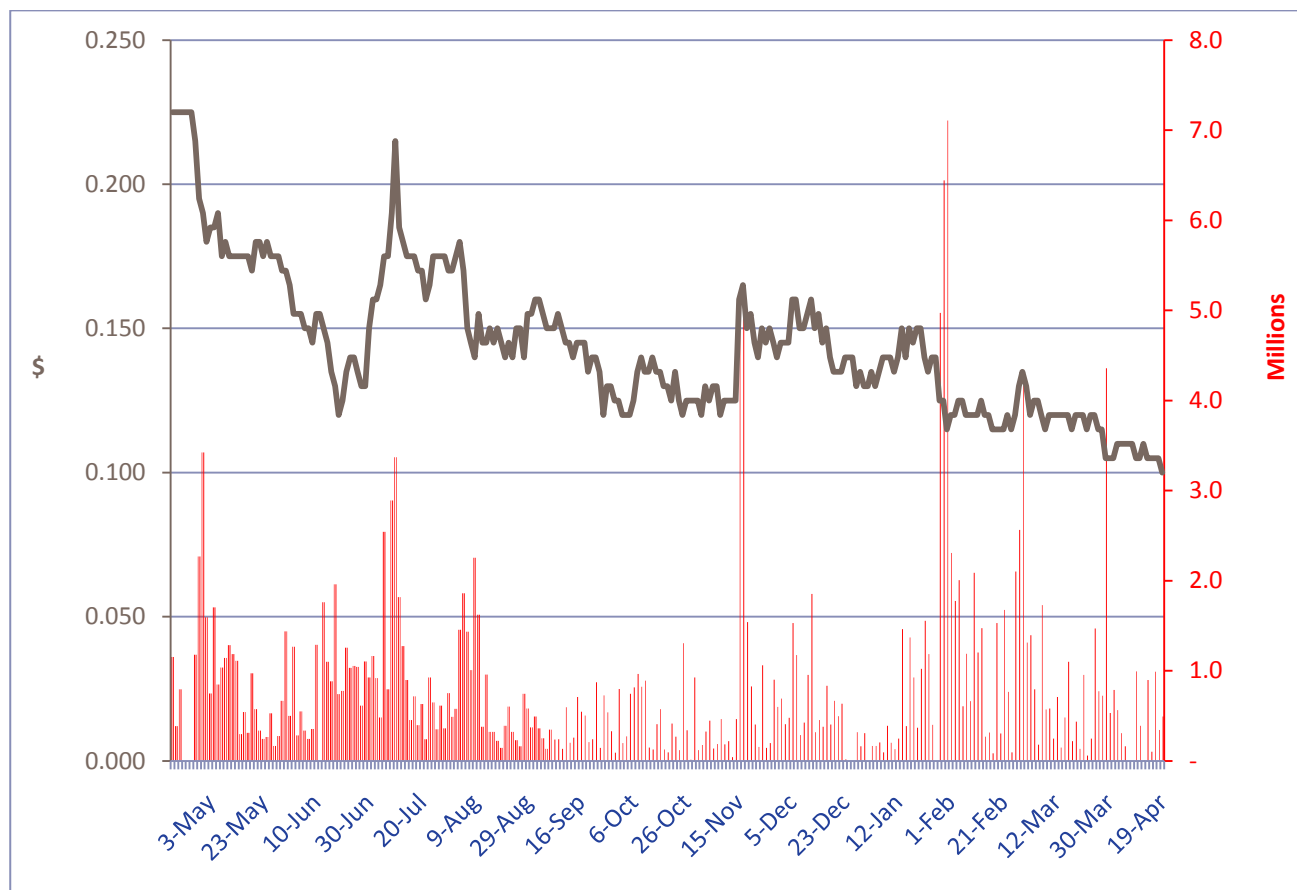
Since we do not consider that this is a control transaction we have not included a premium for control in our calculation of the quoted market price of a Deep Yellow share which represents a minority interest value.

In order for a consistent comparison between the net asset value which represents a control value and does not include a minority interest discount and the quoted market price we have applied a minority interest discount to the net asset value (refer section 10.3 below).

Quoted market price value

Our analysis of the quoted market price of a Deep Yellow share is based on the pricing prior to the announcement of the Proposed Transaction. This is because the value of a Deep Yellow share after the announcement may include the affects of any change in value as a result of the Proposed Transaction. However, we have considered the value of a Deep Yellow share following the announcement when we have considered reasonableness in Section 13.

Information on the Proposed Transaction was announced to the market on 24 April 2012. Therefore, the following chart provides a summary of the share price movement over the year to 23 April 2012 which was the last trading day prior to the announcement.



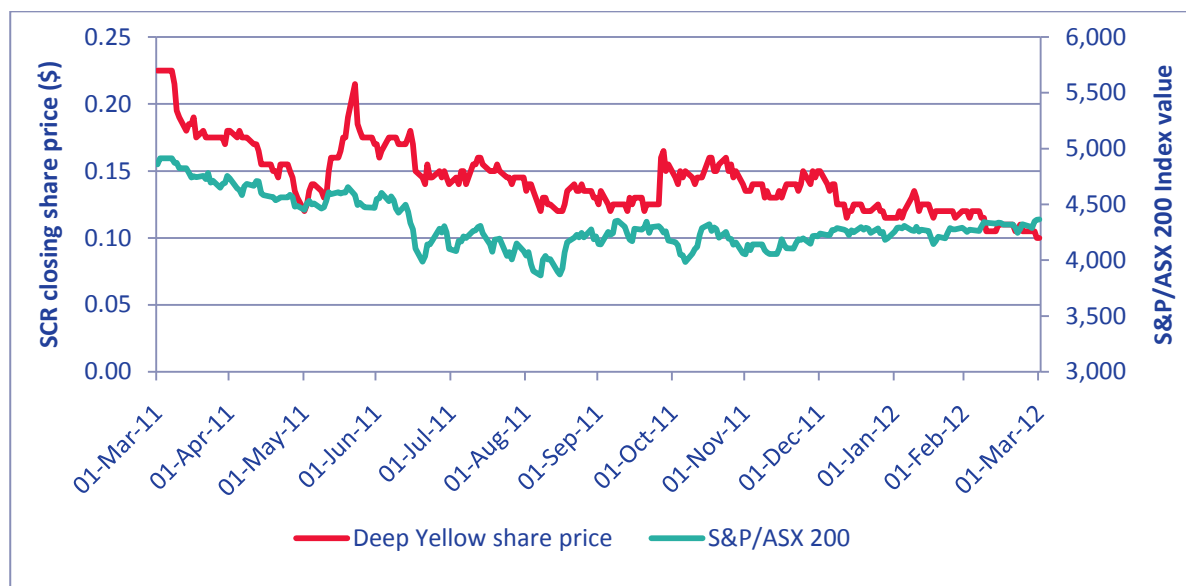
Source: Bloomberg

The daily price of Deep Yellow shares from 24 April 2011 to 23 April 2012 has ranged from a low of \$0.095 on 23 April 2012 to a high of \$0.215 on 27 April 2011.

There was a 23% increase in the share price in late June 2011 and early 2011 when Deep Yellow announced a new discovery at its Alaskite resource and a 13% increase soon after when the company announced its Queensland resource update.

Since then, as shown above, there has been a gradual decline and volatility in the share price of Deep Yellow over the period over the year prior to the announcement, the most notable fall occurring in January 2012 when the Company announced that their INCA Resource grade had increased.

To provide a comparison of the movements in Deep Yellow's share price to the market over the same period we have provided a graph of both the S&P ASX 200 and Deep Yellow's closing share price below:



Source: Bloomberg

As shown above, the S&P/ASX 200 index fell significantly during August 2011. This period was marred by significant volatility in the market after US treasury bonds were downgraded resulting in widespread instability. Markets were also cautious at this time about the contentious issue of the US raising its debt ceiling. This period coincided with a fall in Deep Yellow's closing share price also. However, while Deep Yellow's share price generally continued to decline, excluding an increase in October 2011, for the remainder of 2011 and the start of 2012, the S&P/ASX 200 index gradually rose towards the end 2011 and continued to climb to April 2012.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Summary of Announcement	Closing Share Price 1 day after Announcement		Closing Share Price 3 days after Announcement	
		\$	% change	\$	% change
10-Apr-12	MS7 Drilling Results	0.110	(4.55%)	0.105	0.00%
05-Apr-12	New Discovery near Ongolo	0.110	0.00%	0.110	0.00%
19-Mar-12	Shiyela Environmental Clearance	0.115	4.35%	0.115	(4.17%)
28-Feb-12	TRS Project Resource Increased	0.130	3.85%	0.125	(7.41%)
23-Feb-12	2012 Ongolo and MS7 Deposits Drill Programm Underway	0.120	(4.17%)	0.130	13.04%
21-Feb-12	Nova Energy EPLs Renewed	0.115	0.00%	0.120	4.35%
17-Feb-12	Shiyela Advisor Appointed	0.115	0.00%	0.115	0.00%
27-Jan-12	INCA Resource Grade Increased	0.140	(10.71%)	0.125	0.00%
25-Jan-12	Scoping Study Received for Shiyela Iron Project	0.135	3.70%	0.125	(10.71%)
23-Jan-12	Quarterly Activity Report - December 2011	0.150	(6.67%)	0.140	0.00%
23-Jan-12	Quarterly Cashflow Report - December 2011	0.150	(6.67%)	0.140	0.00%
13-Dec-11	MS7 Alaskite Deposit Resource More Than Doubled	0.150	(6.25%)	0.150	0.00%
12-Dec-11	Mining Licence Application Submitted - Shiyela Iron Project	0.160	3.23%	0.145	(9.38%)
06-Dec-11	Shiyela Iron Project - Maiden JORC Resource Estimate	0.160	0.00%	0.155	(3.13%)

Date	Summary of Announcement	Closing Share Price 1 day after Announcement		Closing Share Price 3 days after Announcement	
		\$	% change	\$	% change
01-Dec-11	New JORC Table and MS7 Resource Update Progress	0.145	0.00%	0.160	10.34%
23-Nov-11	Highest Grade Intercepts at MS7	0.150	7.14%	0.145	(3.33%)
17-Nov-11	Shiyela Iron Project - High Quality Product Confirmed	0.150	(9.09%)	0.145	(3.33%)
16-Nov-11	More MS7 High Grade Intersections	0.165	3.13%	0.145	(12.12%)
09-Nov-11	Mining Licence Applications Submitted - INCA & Tubas Areas	0.125	4.17%	0.125	0.00%
07-Nov-11	Ongolo Alaskite Resource is Tripled	0.130	0.00%	0.125	(3.85%)
01-Nov-11	EIA Submission for INCA and Tubas Red Sands	0.120	(4.00%)	0.130	8.33%
01-Nov-11	EIA Submission for Shiyela	0.120	(4.00%)	0.130	8.33%
27-Oct-11	High Grade Uranium results continue at Ongolo and MS7	0.125	0.00%	0.125	0.00%
26-Oct-11	Appendix 5b - September 2011 Quarter	0.125	4.17%	0.125	0.00%
26-Oct-11	September 2011 Quarterly Report	0.125	4.17%	0.125	0.00%
19-Oct-11	Shiyela Iron Project - Metallurgical Testwork Update	0.130	0.00%	0.125	(3.85%)
13-Oct-11	Maiden Resource for MS7 Deposit	0.140	3.70%	0.135	(3.57%)
27-Sep-11	Further High Grade Intercepts from Ongolo and MS7	0.130	8.33%	0.125	(3.85%)
06-Sep-11	Additional Breakthrough on Tubas Red Sand Beneficiation	0.150	0.00%	0.150	0.00%
31-Aug-11	KRB: Korella and Pilgrim Drilling Programs Completed	0.160	3.23%	0.150	(6.25%)
09-Aug-11	Ongolo Alaskite Project MS7 Discovery	0.140	(3.45%)	0.145	3.57%
03-Aug-11	EPL Renewals	0.180	2.86%	0.145	(19.44%)
29-Jul-11	June 2011 Quarterly Activities Report	0.170	(2.86%)	0.170	0.00%
28-Jul-11	Appendix 5B June 2011 Quarter	0.175	0.00%	0.170	(2.86%)
13-Jul-11	SMD: JV Agreement Secures Copper-Gold Targets	0.180	(2.70%)	0.175	(2.78%)
08-Jul-11	Deep Yellow Queensland Resource Update	0.190	8.57%	0.215	13.16%
06-Jul-11	New Alaskite Discovery	0.175	6.06%	0.215	22.86%
29-Jun-11	Ongolo Alaskite Exploration Update	0.130	0.00%	0.160	23.08%
12-May-11	Update on Proposed Namibian Minerals Policy Changes	0.175	0.00%	0.175	0.00%
12-May-11	Maiden Resource for High Grade Ongolo Deposit	0.175	0.00%	0.175	0.00%
10-May-11	TOE: Nova`s drill program in Namibia commences	0.175	(2.78%)	0.175	0.00%
29-Apr-11	Appendix 5b March 2011 Quarter	0.190	(2.56%)	0.180	(5.26%)
29-Apr-11	March 2011 Quarterly Report	0.190	(2.56%)	0.180	(5.26%)

Aside from the Alaskite discovery (announcements released in June and July 2011), the Company's announcements do not appear to have had a significant effect on the Company's share price over the period. Despite positive resource and drilling results the Company's share price has declined over the period.

To provide further analysis of the market prices for an Deep Yellow share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 23 April 2012.

	23 April 2012	10 Days	30 Days	60 Days	90 Days
Closing Price	\$0.095				
Weighted Average		\$0.1020	\$0.1079	\$0.1173	\$0.1223

The above weighted average prices are prior to the date of the announcement of the Proposed Transaction to avoid the influence of any increase in price of Deep Yellow shares that has occurred since the Proposed Transaction was announced.

An analysis of the volume of trading in Deep Yellow shares for the twelve months to 23 April 2012 is set out below:

	Share price low	Share price high	Cumulative Volume traded	As a % of Issued capital
1 day	\$ 0.095	\$ 0.100	2,106,395	0.19%
10 days	\$ 0.095	\$ 0.110	8,582,975	0.76%
30 days	\$ 0.095	\$ 0.125	22,046,973	1.95%
60 days	\$ 0.095	\$ 0.140	63,855,847	5.66%
90 days	\$ 0.095	\$ 0.155	88,161,223	7.81%
180 days	\$ 0.095	\$ 0.175	139,698,483	12.38%
1 year	\$ 0.095	\$ 0.215	217,543,564	19.27%

This table indicates that Deep Yellow's shares display a relatively low level of liquidity, with 19% of the Company's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Deep Yellow, the volume of issued capital traded over a 12 month period is less than 0.5% per week. This is not indicative of a deep market for Deep Yellow's shares.

Our assessment is that a range of values for Deep Yellow shares based on market pricing, after disregarding post announcement pricing, is between \$0.095 and \$0.12.

10.3 Assessment of the value of a share in Deep Yellow

Since we do not consider this is a control transaction we have adjusted the net asset value assessed above (section 10.1) to include a discount for minority interest. We have determined the minority interest discount as the inverse of the control premium which can be observed in the market.

Control Premium/ Minority Interest Discount

We have reviewed the control premiums paid by acquirers of companies listed on the ASX. We have summarised our findings below:

Transaction Period	Number of Transactions	Average Deal Value (A\$m)	Average Control Premium
2011	86	460.26	44.87
2010	137	521.44	37.05
2009	153	246.66	45.34
2008	157	437.19	31.39
2007	149	885.13	20.85
2006	40	1,173.02	25.94
Average		620.62	34.24
Median		490.85	34.22

Source: Bloomberg and BDO Analysis

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business
- Level of pre-announcement speculation of the transaction
- Level of liquidity in the trade of the acquiree's securities.

The average annual control premium paid for effective control transactions over 2006 to 2011 for ASX listed companies ranged between 20.85% and 45.34% with an average of 34.24%.

Based on the above we consider that an appropriate range for a control premium in relation to Deep Yellow is from 20% to 30%. Therefore we consider that an appropriate minority interest discount is in the range from 17% to 23%, with a preferred midpoint value of 20%.

Applying a minority interest discount to the pro-rata value of a Deep Yellow share based on net assets results in the following net asset value on a minority interest basis:

	Low \$	High \$
Net asset value on a pro rata basis (section 10.1)	0.0706	0.1244
Discount for minority interest	20%	20%
Net asset value on a minority interest basis	0.0565	0.0995

The results of the valuations performed are summarised in the table below:

	Low \$	High \$
Net asset value on a minority interest basis	0.0565	0.0995
ASX market prices (Section 10.2)	0.095	0.120

We have based our valuation of a Deep Yellow share on the net asset value methodology and utilising the results above we consider the value of a Deep Yellow share to be between \$0.057 and \$0.100, with a preferred value of \$0.078.

The net asset value methodology has been deemed most reliable for this purpose due to the core value of Deep Yellow being in the exploration assets that it holds in its balance sheet and for which there is an independent valuation. From our analysis of the quoted market price of a Deep Yellow share we note that only 19% of the Company's issued capital had been traded in the year to 20 April 2012 which is indicative of a low level of liquidity. Therefore, we believe the quoted market price methodology is not as reliable as the net asset value methodology in determining the value of a Deep Yellow share. However in this case it is noted that the range based on the ASX market price is within the range based on the net asset value methodology.

Note also that the valuation using the net asset value methodology includes the additional shares to be issued to Raptor under the Proposed Transaction whereas the quoted market price is prior to the announcement of the Proposed Transaction and does not include any reaction from the market to the Proposed Transaction including the additional shares to be issued.

10.4 Assessment of the value of the Deep Yellow shares to be issued to Raptor in the Proposed Transaction

Under the Proposed Transaction, Raptor is to receive 129,333,333 Consideration Shares in Deep Yellow. Our assessed value of a Deep Yellow share based on our preferred net asset valuation methodology includes the shares to be issued to Raptor. Therefore the value of the 129,333,333 Consideration Shares is a simple calculation of the value per share multiplied by the number of shares.

Therefore the value of the Deep Yellow shares to be issued to Raptor is in the range from \$7,372,000 to \$12,933,333 with a preferred value of \$10,088,000.

	Low	Preferred	High
Value per share	\$0.057	\$0.078	\$0.100
Total value of 129,333,333 shares	\$7,372,000	\$10,088,000	\$12,933,333

We note that this value incorporates a minority discount, on a controlling basis using the high of the net asset valuation range the value of the consideration would be \$16,089,067.

Raptor may also potentially benefit from future re ratings of Deep Yellow's share price as the existence of the earn out may have a negative impact on overall market sentiment relating to Deep Yellow because it may be considered an impediment to future project development.

11. Valuation of total consideration to Raptor in Proposed Transaction

We have assessed the total value of the consideration to Raptor under the Proposed Transaction by adding the cash consideration of \$100,000 to our assessed value of the 129,333,333 Consideration Shares in Deep Yellow to determine a total value in the range from \$7,472,000 to \$13,033,333 with a preferred value of \$10,188,000 as set out in the table below.

	Low	Preferred	High
Assessed value of shares consideration	\$7,372,000	\$10,088,000	\$12,933,333
Cash consideration	\$100,000	\$100,000	\$100,000
Total consideration	\$7,472,000	\$10,188,000	\$13,033,333

12. Valuation of liability for the potential future obligation to pay an Earn Out to Raptor

As described in section 6.1 above the formula used to calculate the amount of earn-out consideration to be paid to Raptor is:

$$EC = 1.5\% (A \times B)$$

Where:

EC = earn-out consideration in \$A converted into \$A at the spot rate for \$A against \$US on the day the 'Decision to Mine' is made

A = tonnage of uranium oxide (U_3O_8) of a Mineral Resource as provided in the 'Definitive Feasibility Study'

B = spot price for uranium in \$US per pound of uranium oxide as published by the Ux Consulting Company LLC being the daily spot price averaged over the three months period immediately preceding the day the 'Decision to Mine' is made

If the Decision to Mine were made today the value of the earn-out consideration would be calculated as:

$$\begin{aligned} EC &= 1.5\% \times 101.4 \text{ million (total Namibian Uranium resources of } U_3O_8) \times 51.06 \text{ (average spot price per pound in US dollars)} \times 1/1.03 \text{ (USD/AUD exchange rate)} \\ &= \$75.40 \text{ million.} \end{aligned}$$

On the basis that this amount is a current (undiscounted) value we consider that this is effectively a maximum amount. The rationale for considering that this value is a maximum value is as follows.

- a) It is a current undiscounted value. The implicit assumption is that the Decision to Mine for all relevant projects is made today. Any additional time required between now and the making of the Decision to Mine means that the value would have to be discounted to present value reducing the value of the earn-out consideration.
- b) All the current uranium resource is included encompassing all the four projects (Omahola Project, TRS Project, Tubas-Tumas Palaeochannel Project and Aussinanis Project). It is likely that not all projects will reach a Decision to Mine and that even if such stage is reached there is likely to be some time delay in reaching that Decision to Mine for every project. Set against this however it is possible that there may be some increase in the JORC resource for individual projects as further exploration is undertaken.
- c) The spot rate in the future for U_3O_8 (as translated into Australian dollars) is not expected to increase significantly, and any increase would in any case be neutralised by the discounting required to determine present value.

- d) This represents a risk free value, Deep Yellow has not yet made a decision to mine and there are a number of commercial risks associated with each project which must be considered in determining a market value which takes into account the risks of each of the projects.

The other key factor in the assessment of the value of the earn-out consideration is the quantum of the resource. We have not considered that this will vary from the current JORC compliant base of 101.4 Mlb.

Critically examining the assumption that all the uranium resource is included (point b) above, it is necessary to assess the future expectations (as announced to the market) for each of the four projects separately.

Omahola Project. The current resource for this project is 37.0 Mlb (comprising Indicated Resource of 23.6Mlb and Inferred Resource of 13.4Mlb). Deep Yellow has informed the market that the 'critical mass' for this project is 50 Mlb meaning that an increase in the resource combined with an extended future timeframe (requiring discounting of the future value) is the most likely scenario for this project.

The critical mass is associated with the amount of resource required to make the construction of an acid processing plant on site worthwhile. This project is Deep Yellow's flagship however ongoing exploration success is required to develop both a pre feasibility study and a definitive feasibility study. Following the completion of these studies would enable an assessment to be made with respect to a future mine, it is expected this process would take a minimum of two years.

TRS Project. The current resource for this project is 28.4 Mlb which is Inferred Resource. The mineralisation requires a resin plant and Deep Yellow has informed the market that the intended date for this is 2014. Also this resource is considered a finite resource and Deep Yellow expects that further evaluation will slightly reduce the resource amount, in line with normal expectations at this stage. This project is also remote so it's development is dependent on the development of Omahola or negotiations with other existing Uranium mines in Namibia.

Tubas-Tumas Palaeochannel Project. The current resource for this project is 18.0 Mlb (comprising Indicated Resource of 11.6Mlb and Inferred Resource of 6.4Mlb). The mineralisation requires an alkaline processing plant. Deep Yellow's expectation is that the Namibian Government will not approve the construction of another alkaline processing plant so close to the existing alkaline processing plant at the Paladin Resources owned Langer Heinrich Mine which is in close proximity. So the likely direction for this project is to truck to the Langer Heinrich processing plant. The complication is that the processing plant is currently processing a higher grade of uranium of around 600 ppm compared to around 360 ppm for the Tubas-Tumas Palaeochannel Project, which means that the timing is likely to be pushed out for a few years until Paladin Resources have exhausted the higher grade deposit.

Aussinanis Project. The current resource for this project is 18.0 Mlb (comprising Indicated Resource of 2.7Mlb and Inferred Resource of 15.3Mlb). There are a number of issues with this project which affect the likelihood of a Decision to Mine as follows:

- Distance. The project is located in the far south of the tenement area away from other mining developments.
- Grade. The low grade (around 230 ppm) of the resource.
- Community sensitivity. The project is located in a sensitive area of national park with a community nearby.
- The Schauenburg process required to process the ore is unproven.
- An environmental permit is required to be obtained.

- Determination of an economically viable transportation option to transport the ore to the TRS leach circuit.

As a result of these issues it is likely that the strategy for this project is likely to involve further assessment as each of the issues noted above are addressed.

The above discussion provides a number of areas for assessing the sensitivity of the value of the earn-out consideration. These sensitivities are addressed in section 13 below.

Based on these sensitivities we have determined that, in our opinion, the range of the value of the earn out is \$20.86 million to \$36.87 million. The low end of the range represents that only the Omahola project proceeds to a decision to mine in 3 years time and the high end of the range represents that both the Omahola project and the TRS project proceed to a decision to mine in 3 years time.

13. Is the Proposed Transaction fair?

The value of the consideration to Raptor (shares in Deep Yellow plus cash) is compared with the value of the liability for the payment under the Earn Out Agreement to be extinguished as consideration for the issue of shares and cash is set out below:

	Ref	Low \$	High \$
Value of total consideration to Raptor	11	\$7.47 million	\$13.03 million
Value of liability for future payments under the Earn Out Agreement	12	\$20.86 million	\$36.87 million

We note from the table above that the value of the liability for future payments under the Earn Out Agreement is greater than the value of the total consideration to Raptor and therefore the Proposed Transaction is fair.

However the value of the liability for future payments under the Earn Out Agreement is essentially a base case, representing the value if the 'Decision to Mine' is made today and including the potential liability arising from the current level of mineral resource identified for all four of Deep Yellow's Namibian uranium projects.

Consequently we have addressed sensitivities to determine how much the key inputs/variables would have to change for the Proposed Transaction to be not fair.

Essentially for the Proposed Transaction to be not fair the value of the liability for future payments under the Earn Out Agreement would have to be less than the assessed value of the total consideration to Raptor. Effectively we have addressed the sensitivity of the valuation of the liability for future payments under the Earn Out Agreement to the following inputs:

- Projects included. How is the value affected if only one or only some of the projects ever reach the stage of a 'Decision to Mine'?
- Timing of 'Decision to Mine'. How is the value affected if the 'Decision to Mine' is not reached until some future point in time?
- Future Spot Price. How is the value affected by the current expectations of the future spot price for U₃O₈ in Australian Dollars?
- Quantum of the mineral resource. How is the value affected by a change in the quantum of identified mineral resource?

We consider that it is unlikely that the amount of mineral resource defined will decrease significantly in the future and therefore we have not considered a reduction in the amount of mineral resource as an issue for which a sensitivity is required.

In the following subsections, each of these sensitivities is dealt with separately leaving all other inputs unchanged.

Following our assessment of the sensitivities separately we have also addressed the value if a combination of inputs are varied from those included in the base case to derive a 'best guess expectation' based on currently available information.

Sensitivities

a) Projects included

Based on the discussion of the four Namibian uranium projects in section 11 above, the sensitivity is addressed based on not all the projects reaching a 'Decision to Mine'. The following sub-sensitivities have been considered.

- Only the Omahola Project proceeds to a 'Decision to Mine'
- Only the TRS Project proceeds to a 'Decision to Mine'
- Only Tubas-Tumas Project proceeds to 'Decision to Mine'
- Only Aussinanis Project proceeds to 'Decision to Mine'

Sensitivity	Total value \$ million	Value of Earn-out consideration \$ million
Only Omahola Project proceeds to 'Decision to Mine'	1,834.19	27.51
Only TRS Project proceeds to 'Decision to Mine'	1,407.87	21.12
Only Tubas-Tumas Project proceeds to 'Decision to Mine'	892.31	13.38
Only Aussinanis Project proceeds to 'Decision to Mine'	892.31	13.38

Source: BDO Analysis

Our conclusion on the above is that even if the Tubas-Tumas Project only or the Aussinanis Project only proceeds to a 'Decision to Mine' the value of the earn-out consideration is still in excess of the top end of the range of our assessed value of the total consideration to Raptor under the Proposed Transaction.

b) Time delay in reaching the 'Decision to Mine'

Based on the discussion of the four Namibian uranium projects in section 11 above, we have addressed the sensitivity based on the 'Decision to Mine' being reached at a different time in the future. The following sub-sensitivities have been addressed:

- 1 year to a 'Decision to Mine'
- 2 years to a 'Decision to Mine'
- 3 years to a 'Decision to Mine'

Associated with this sensitivity we have considered the appropriate discount rate to apply to determine the present value of the future payments. We have estimated the discount rate at 15% based on our estimate of the weighted average cost of capital of Deep Yellow.

This sensitivity also includes the future expectations for the spot price of uranium appropriate to the date at which the 'Decision to Mine' is projected to occur. These expectations are based on the forecast spot price for uranium in US Dollars and the forecast USD: AUD exchange rate.

Sensitivity	Total value \$ million	Value of Earn-out consideration \$ million
1 year to 'Decision to Mine'	5,027.53	65.58
2 years to 'Decision to Mine'	5,401.30	61.26
3 years to 'Decision to Mine'	5,796.24	57.17

Source: BDO Analysis

Our conclusion on the above is that if all the Projects reach a ‘Decision to Mine’ the value of the earn-out consideration will still be substantially in excess of our assessed value of the total consideration to Raptor under the Proposed Transaction.

c) Spot price for uranium

We consider that the impact of considering the future spot price in isolation without discounting will only increase the assessed value of the earn-out consideration based on the data set out below.

Future date	3 m ave forecast uranium price US \$	Forecast exchange rate \$ million	Forecast uranium price AU \$
1 year from today (Quarter to 31 March 2013)	50.13	1.01	49.58
2 years from today (Quarter to 31 March 2014)	51.90	0.97	53.27
3 years from today (Quarter to 31 March 2015)	53.85	0.94	57.16

Source: BDO Analysis

We have also considered the level to which the forecast Australian dollar uranium price would have to fall for the Proposed Transaction to be considered unfair. At a price below \$4.91 per pound the value of the earn-out consideration would be below the lower end of our assessed value of the total consideration to Raptor. We do not consider that this is a realistic price compared to the current price of \$49.6 per pound, and because of the implications of such a low price on the future of Deep Yellow’s projects.

d) Quantum of resource

We consider that it is unlikely that the amount of mineral resource defined will decrease significantly in the future and therefore we have not considered a reduction in the amount of mineral resource as an issue for which a sensitivity is required.

Combination of factors in ‘most likely expectation’

By combining our assessment of the likely result for each of the four sensitivities above we can assess an overall sensitivity.

The most likely outcomes appear to be that either the Omahola Project or the TRS Project or both will proceed to a ‘Decision to Mine’ in 1 to 3 years time. We have valued the earn-out consideration on the basis of these sensitivities.

Sensitivity	Timing of ‘Decision to Mine’ Years from now	Discounted total value \$ million	Value of Earn-out consideration \$ million
Only Omahola Project proceeds to ‘Decision to Mine’	1	1,595.22	23.93
Only Omahola Project proceeds to ‘Decision to Mine’	2	1,490.28	22.35
Only Omahola Project proceeds to ‘Decision to Mine’	3	1,390.65	20.86
Only TRS Project proceeds to ‘Decision to Mine’	1	1,224.44	18.37
Only TRS Project proceeds to ‘Decision to Mine’	2	1,143.89	17.16
Only TRS Project proceeds to ‘Decision to Mine’	3	1,067.42	16.01
Only Omahola and TRS Projects proceed to ‘Decision to Mine’	1	2,819.66	42.29
Only Omahola and TRS Projects proceed to ‘Decision to Mine’	2	2,634.16	39.51
Only Omahola and TRS Projects proceed to ‘Decision to Mine’	3	2,458.06	36.87

Source: BDO Analysis



Our conclusion on the above sensitivities is that for all the likely outcomes identified the value of the earn-out consideration is in excess of the top end of range of assessed values for the total consideration to Raptor under the Proposed Transaction.

Overall therefore, on the basis of all the sensitivities identified, we consider that the Proposed Transaction is fair.

14. Is the Proposed Transaction reasonable?

14.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Deep Yellow an alternative strategy to the Proposed Transaction.

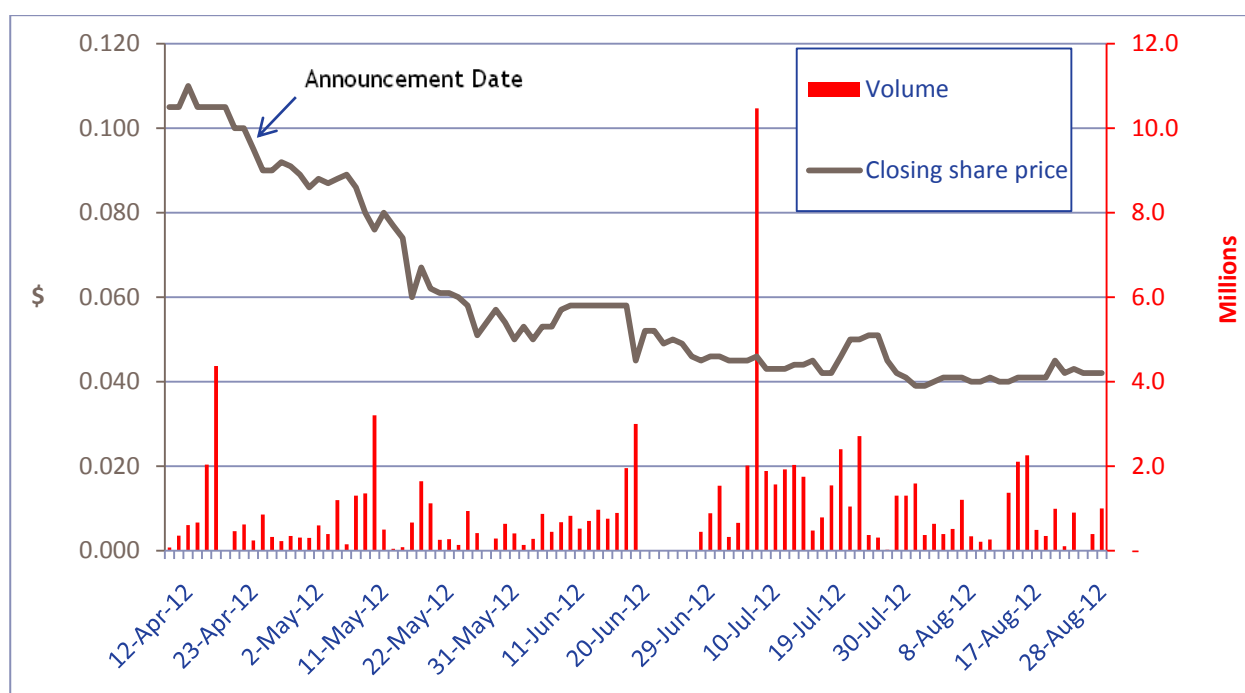
14.2 Consequences of not approving the Proposed Transaction

Consequences

If the Proposed Transaction is not approved it will impact negatively on the ability of Deep Yellow to raise further funding to develop its projects because it is likely that it will be perceived by shareholders as being an investment with an additional risk relating to a future obligation to pay a presently unknown amount.

Post announcement share price movement

We have analysed movements in Deep Yellow's share price since 24 April 2012 when Deep Yellow first announced discussions with Raptor to terminate the Earn Out Agreement. A graph of Deep Yellow's share price since that announcement is set out below.



Source: Bloomberg

On the day of the announcement, the share price fell from \$0.095 to \$0.09 but remained around \$0.09 for the following few days. Although as at the date of this report the share price has fallen to around \$0.04 this does not appear to be due to market reaction to the Proposed Transaction, suggesting that if the Proposed Transaction is not approved, the share price may decline.

14.3 Advantages of Approving the Proposed Transaction

We have considered the following advantages when assessing whether the Proposed Transaction is reasonable.

Advantage	Description
The Proposed Transaction is fair	As set out in Section 12 the Proposed Transaction is fair. RG 111 states that an offer is reasonable if it is fair.
Clarity of future position	Although this report has assessed the value of the potential future liability for payments under the Earn Out Agreement, there is a large amount of uncertainty associated with the Earn Out Agreement which will be eliminated under the Proposed Transaction.
It may be easier to raise further funding to develop Deep Yellow's projects	The capital markets, and particularly the European markets are likely to be more receptive to investing in a Company with uranium projects which do not have an uncertain future liability hanging over them.
Removal of significant up front development costs of Deep Yellow's projects	With the removal of the earn out, Deep Yellow will no longer need to consider the settlement of the earn out when securing funding for the development of their projects should they reach a decision to mine. As the earn out is payable at the time of reaching a decision to mine, this payment occurs prior to development and would have a significant impact on the assessed NPV of each project.

14.4 Disadvantages of Approving the Proposed Transaction

If the Proposed Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Dilution of shareholding	By issuing an additional 129,333,333 Deep Yellow shares to Raptor, the existing interest of Deep Yellow shareholders will be diluted.
Cash payment	Under the Proposed Transaction Deep Yellow will pay cash of \$100,000 to Raptor reducing the funds available for developing its projects.

15. Conclusion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that the Proposed Transaction is fair and reasonable to the Shareholders of Deep Yellow.

16. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement dated on or about the date of this report
- Annual financial report of Deep Yellow for the years ended 30 June 2010, 2011 and 2012
- Independent specialist valuation report prepared by CSA Global
- Earn Out Agreement with Raptor
- Draft Termination Deed with Raptor
- Share Sale Agreement with Raptor
- Share registry information
- Information in the public domain
- Discussions with Directors and Management of Deep Yellow.

17. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$60,000 (excluding GST and reimbursement of out of pocket expenses). Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Deep Yellow in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Deep Yellow, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Deep Yellow and Raptor and any of their respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In BDO Corporate Finance (WA) Pty Ltd's opinion it is independence of Deep Yellow and Raptor and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Deep Yellow, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Deep Yellow and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

18. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 200 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia..

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 14 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

19. Disclaimers and consents

This report has been prepared at the request of the directors of Deep Yellow for inclusion in the Notice of General Meeting and Explanatory Memorandum which will be sent to all Deep Yellow Shareholders.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of General Meeting and Explanatory Memorandum. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of General Meeting and Explanatory Memorandum other than this report.

BDO Corporate Finance (WA) Pty Ltd has not independently verified the information and explanations supplied to us, nor has it conducted anything in the nature of an audit or review of Deep Yellow in accordance with standards issued by the Auditing and Assurance Standards Board. However, we have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposed Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Deep Yellow, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon an independent mineral valuation for properties held by Deep Yellow.

The valuer engaged for the geological valuation, CSA Global, possesses the appropriate qualifications and experience in the minerals industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation are appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD



Sherif Andrawes

Director



Adam Myers

Director

Appendix 1 - Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001
AIM	AIM Market of the London Stock Exchange
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
Cash Consideration	Amount of \$100,000 to be paid to Raptor as part of the Proposed Transaction
Deep Yellow	Deep Yellow Limited
The Company	Deep Yellow Limited
Consideration Shares	129,333,333 fully paid ordinary shares in Deep Yellow to be issued to Raptor as part of the Proposed Transaction
DCF	Discounted Future Cash Flows
Earn Out Agreement	Earn Out Agreement entered into in October 2006 as part of the original merger between Raptor and Deep Yellow
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FMD	Future Maintainable Dividends
FME	Future Maintainable Earnings
Heads of Agreement	The document dated 12 June 2012 setting out the terms of the Proposed Transaction
Raptor	Raptor Partners Limited
ROC	Return of Capital
NAV	Net Asset Value
Proposed Transaction	The Proposed Transaction is to terminate an Earn Out Agreement with Raptor including the potential future obligation to pay an agreed 'Earn Out' to Raptor pursuant to the Earn Out Agreement with shares in Deep Yellow to be issued to Raptor as consideration for the termination
Our Report	This Independent Expert's Report prepared by BDO
VWAP	Volume Weighted Average Price
Shareholders	Shareholders of Deep Yellow not associated with Raptor
Share Sale Agreement	The Agreement made in October 2006 relating to the merger of the uranium interests of Deep Yellow and Raptor
RG111	ASIC Regulatory Guide 111 'Content of expert reports' (issued March 2011)
RG112	ASIC Regulatory Guide 112 'Independence of experts' (issued March 2011)

Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value (“NAV”)*

Asset based methods estimate the market value of an entity’s securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity’s valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity’s value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity’s assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis (“QMP”)*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a “deep” market in that security.

3 *Capitalisation of future maintainable earnings (“FME”)*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("EBIT") or earnings before interest, tax, depreciation and amortisation ("EBITDA"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ("DCF")

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Appendix 3 - Independent Technical Assessment & Valuation of Deep Yellow Limited by CSA Global



Date: 24th August 2012
Report No: 198.2012

Independent Technical Assessment & Valuation

DEEP YELLOW LIMITED

Independent Technical Valuation of Mineral Assets

Namibia and Australia

By

Paddy Reidy

BSc, MAusIMM

&

Simon McCracken

BAppSc, MAIG

For:
BDO Corporate Finance (WA) Pty Ltd
38 Station Street
Subiaco, Perth
WA 6008

Approved:

Approved:
Gerry Fahey
Director

24th August 2012
The Directors
BDO Corporate Finance (WA) Pty Ltd
38 Station Street
Subiaco, Perth
WA 6008

Dear Sirs,

Re; Valuation of mineral assets – Deep Yellow Limited

CSA Global Pty Ltd (“CSA”) has been commissioned by BDO Corporate Finance (WA) Pty Ltd (“BDO”) to provide an independent technical valuation on the mineral assets of Deep Yellow Limited (“Deep Yellow”). These mineral assets are comprised of uranium exploration properties in Namibia and Australia.

This Report is to be included with an Independent Expert Report (“Report”) which shall be included in a Notice of Meeting and Explanatory Memorandum to be sent to shareholders of Deep Yellow. The Notice of Meeting and Explanatory Memorandum will address the proposed transaction whereby Deep Yellow will replace its potential future obligation to pay an agreed earn-out to Raptor Partners (“Raptor”) with shares in Deep Yellow to be issued to Raptor.

CSA has based its valuation on the Deep Yellow mineral assets on information available to the principal author and by investigations of published and unpublished data as well as on information provided by Deep Yellow. CSA has relied upon discussions with Deep Yellow management as well as recent company exploration reports for information contained within this valuation. A site visit has been made to the principal mineral assets under consideration.

The Independent Technical Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (the “VALMIN Code”), which is binding upon Members of the Australasian Institute of Mining and Metallurgy (AusIMM), and the Australian Institute of Geoscientists (AIG).

This Independent Technical Report is complete up to and including 24th August 2012. CSA has provided and not withdrawn written consent for the inclusion of the valuation of the Deep Yellow mineral assets in the Report, and to the inclusion of statements made by CSA and to the references of its name in other sections of the document, in the form and context in which the report and those statements appear.

CSA accepts responsibility for this report for the purposes of an Independent Expert’s Report under the Australian Securities Exchange (ASX) Rules. Having taken all reasonable care to ensure that such is the case, CSA and the authors confirm that, to the best of their knowledge, the information contained in the Independent Technical Report is in accordance with the facts, contains no omission likely to affect its import, and no change has occurred from August 24th 2012 to the date hereof that would require any amendment to the Independent Technical Report.

The primary technical Expert of the report is CSA's associate consultant geologist, Paddy Reidy (B.Sc., 1994) a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM"), who has worked for 16 years as a professional geologist with experience in the evaluation and mining of mineral properties within Australia and worldwide. Mr Reidy has the relevant qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided in the Valmin Code and a "Competent Person" as defined in the JORC Code.

Neither CSA nor any of the CSA staff or the author of this Report have or have previously had any material interest in Deep Yellow Limited, Raptor Partners, or the mineral properties which are the subject of this report. CSA, Paddy Reidy, Simon McCracken and Gerry Fahey are independent of the Company, the Directors, senior management of the Company and its other advisers. The relationship with Deep Yellow is solely one of professional association between client and independent consultant. This report is prepared in return for professional fees based upon agreed commercial rates and the payment of those fees is in no way contingent on the results of this Report.

Yours faithfully

CSA Global Pty Ltd

A handwritten signature in grey ink, appearing to read 'P. Reidy', is shown within a light blue rectangular box.

Associate Consultant Geologist

Executive Summary

This Independent Technical Valuation has been prepared at the request of BDO Corporate Finance (WA) Pty Ltd (“BDO”) on behalf of Deep Yellow Limited (“Deep Yellow” or “the Company”) in relation to an Independent Expert’s Report (“IER”) for inclusion with a Notice of Meeting and Explanatory Memorandum to be sent to shareholders of Deep Yellow. The Notice of Meeting and Explanatory Memorandum, and the IER will address a proposed ‘earn-out payment’ which is related to the 2006 acquisition of Reptile Mineral Resources and Exploration Pty Ltd.

Deep Yellow is an Australian-based uranium company with extensive operations in Namibia and Australia with its principal exploration and development activity in Namibia through its 100% owned subsidiary Reptile Uranium Namibia (Pty) Ltd (“RUN”).

Mineral Resources totalling 182Mt at a grade of 253ppm U_3O_8 for 101.4Mlbs U_3O_8 have been estimated in accordance with JORC guidelines at Deep Yellow’s Namibian projects, with a further 14Mt at a grade of 399ppm for 12Mlbs of U_3O_8 at the Company’s Australian projects in Queensland and the Northern Territory (Table 1).

Deep Yellow’s primary asset is the Omahola Project (“Omahola”) in Namibia which consists of the INCA, Ongolo and MS7 deposits. The Company’s stated strategy for Omahola is to continue with infill and extension drilling, with the goal of defining an open-pittable (<200m in depth) Resource of 50Mlbs U_3O_8 at an average grade of 450ppm. Deep Yellow believes that this Mineral Resource base will support the commencement of uranium production at Omahola at a potential rate of 2.2Mlbs U_3O_8 per annum in 2015.

Studies are also underway into the development of the Tubas-Sand Project (“TRS”) located south of Omahola, which indicate that a concentrate produced from TRS could be used at the Omahola Project to increase annual production to approximately 3Mlbs per annum.

Deep Yellow has also completed a Scoping Study at the Shiyela Iron Project in Namibia where Mineral Resources of 78.7Mt at 18.88% Fe have been reported in accordance with JORC guidelines.

CSA has derived valuations for the Deep Yellow uranium assets using the Market Approach Method or Comparable Transaction which looks at recent arm’s length transactions for comparable properties and derives yardstick values for *in situ* resources. For uranium exploration properties without Mineral Resources, the Cost or Appraised Value Method has been applied, which considers the costs and results of historical exploration, and whether these programs have succeeded in enhancing or downgrading the prospectivity of the exploration property.

The Shiyela Iron Project has been assessed by the use of a yardstick value per tonne of weight contained Fe derived from an analysis of the Enterprise Value of Australian listed magnetite exploration and development companies.

Table 1. Deep Yellow Uranium Mineral Resources and Shiyela Iron Mineral Resource estimate February 2012 and December 2011

JORC Mineral Resource Estimate Summary – April 2012						
Deposit	Category	Cut-off (ppm U₃O₈)	Tonnes (M)	U₃O₈ (ppm)	U₃O₈ (t)	U₃O₈ (Mlb)
NAMIBIA						
Omahola Project						
INCA ♦	Indicated	250	7.0	470	3,300	7.2
INCA ♦	Inferred	250	5.4	520	2,800	6.2
Ongolo #	Indicated	250	14.7	410	6,027	13.2
Ongolo #	Inferred	250	5.8	380	2,204	4.8
MS7 #	Indicated	250	3.3	430	1,400	3.2
MS7 #	Inferred	250	2.0	540	1,100	2.4
Omahola Project Total			38.2	441	16,831	37.0
Tubas-TRS Project						
Tubas-TRS	Inferred	70	87.0	148	12,876	28.4
Tubas-TRS Project Total			87.0	148	12,876	28.4
Tubas-Tumas Palaeochannel						
Tumas ♦	Indicated	200	14.4	366	5,270	11.6
Tumas ♦	Inferred	200	0.4	360	144	0.3
Tubas-Calcrete	Inferred	100	7.4	374	2,767	6.1
Tubas-Tumas Palaeochannel Total			22.2	369	8,181	18.0
Aussinanis Project						
Aussinanis ♦	Indicated	150	5.6	222	1,243	2.7
Aussinanis ♦	Inferred	150	29.0	240	6,960	15.3
Aussinanis Project Total			34.6	237	8,203	18.0
TOTAL - NAMIBIA			182.0	253	46,091	101.4
AUSTRALIA						
Napperby Project (NT)						
Napperby	Inferred	200	9.3	359	3,351	7.4
Napperby Total			9.3	359	3,351	7.4
Mount Isa Project (QLD)						
Mount Isa	Indicated	300	2.2	470	1,050	2.3
Mount Isa	Inferred	300	2.5	450	1,120	2.5
Mount Isa Total			4.7	460	2,170	4.8
TOTAL - AUSTRALIA			14.0	394	5,521	12.2
Total Indicated Resources			47.2	387	18,290	40.2
Total Inferred Resources			148.8	224	33,322	73.4
TOTAL RESOURCES			196.0	263	51,612	113.6
Notes: Figures have been rounded and totals may reflect small rounding errors XRF chemical analysis unless annotated otherwise ♦ eU ₃ O ₈ - equivalent uranium grade as determined by downhole gamma logging # Combined XRF Fusion Chemical Assays and eU ₃ O ₈ values						

Deposit	Category	Cut-off (DTR%)	Tonnes (M)	DTR (%)	Fe (%)
Shiyela Iron Project JORC Mineral Resource Estimate - December 2011					
M62 - Fresh	Inferred	10	40.2	17.12	17.02
M62 - Oxide	Inferred	10	3.5	15.46	18.13
Total			43.7	16.99	17.11
M63 - Fresh	Inferred	10	34.8	15.15	21.10
M63 - Oxide	Inferred	10	0.2	16.16	18.87
Total			35.0	15.16	21.09

Total – Shiyela Iron Project	78.7	16.17	18.88
Total Fresh	75.0	16.21	18.91
Total Oxide	3.7	15.50	18.17
TOTAL RESOURCES	78.7	16.17	18.88
Notes: Figures have been rounded and totals may reflect small rounding errors Resource Estimation using a 10% DTR Wt% cut-off. Fe% - head assay of composited drill samples			

CSA has derived valuations for the Deep Yellow Uranium Resources and properties within a range from A\$90M to A\$164M, with a most likely value of A\$127M. A range of values for the Shiyela Iron Project may lie between A\$7M to A\$9M, with a most likely Value of A\$7M.

The sum of the values lies in a range from A\$97M to A\$173M with a most likely Value of A\$134M.

The Valuations are summarised in Table 2

Table 2. Summary of Deep Yellow Valuations

	Low A\$M	High A\$M	Preferred A\$M
Namibian Uranium Projects	78.7	144.7	111.7
Australian Uranium Projects	9.5	17.4	13.4
Shiyela Iron Ore	7.4	8.9	7.4
Nova Energy JV	1.8	1.8	1.8
Total	97.4	172.8	134.3

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1 Introduction

1.1 Context, Scope and Terms of Reference

Deep Yellow Limited (“Deep Yellow” or “the Company”) is a public company listed on the Australian Securities Exchange (“ASX”) and the Namibian Stock Exchange (“NSX”), with advanced stage exploration projects located in Namibia and Australia. The Companies principal exploration and development activity is in Namibia through its 100% owned subsidiary Reptile Uranium Namibia (Pty) Ltd (“RUN”), with its main development focus being the Omahola project situated on Exclusive Prospecting Licence (EPL) 3496.

Mineral Resources totalling 182Mt at a grade of 253ppm U_3O_8 for 101.4Mlbs U_3O_8 have been reported in accordance with JORC guidelines at Deep Yellow’s Namibian projects, with a further 14Mt a grade of 399ppm for 12Mlb of U_3O_8 at the Company’s Australian projects in Queensland and the Northern Territory (Table 1).

Deep Yellow has also completed a Scoping Study at the Shiyela Iron Project in Namibia where Mineral Resources of 78.7Mt at 18.88% Fe have been reported in accordance with JORC guidelines.

Deep Yellow’s Namibian projects are held through a 100% ownership of four Exclusive Prospecting Licences (“EPL’s”) which were acquired in October 2006 via the acquisition of RUN. As a part of the purchase consideration, Deep Yellow agreed to provide the vendors (“Raptor Partners” or “Raptor”) with an ‘earn-out right’ in certain circumstances. The ‘2006 Earn-out Agreement’ provides Raptor with the right to receive earn-out payments in accordance with a set formula equal to 1.5% of the in-ground value of any uranium within the area of the EPL’s upon completion of a definitive feasibility study and the making of a decision to mine. Deep Yellow has had, at its election, the option of satisfying the ‘earn-out payment’ either through payment of cash, the issue of shares or a combination of both.

Deep Yellow announced on 15 June 2012 that it had executed a binding heads of agreement (“Termination Agreement”) with Raptor to settle the ‘earn-out payment’ with shares in Deep Yellow and a cash payment of \$100,000. The Company has engaged BDO Corporate Finance (WA) Pty Ltd (“BDO”) to prepare an Independent Expert’s Report (“IER”) for inclusion with a Notice of Meeting and Explanatory Memorandum to be sent to shareholders of Deep Yellow. The Notice of Meeting and Explanatory Memorandum and the IER will address the proposed ‘earn-out payment’ and provide an opinion to Deep Yellow shareholders.

BDO has in turn commissioned CSA Global Pty Ltd (“CSA”) to prepare an Independent Technical Assessment and Valuation of the Deep Yellow mineral assets for inclusion in the IER. The Report, or a summary of it, is to be appended to the IER, and as such, will become a public document.

1.2 Compliance with the VALMIN Code

This Valuation has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (the “VALMIN Code”), which is binding upon Members of the Australasian Institute of Mining and Metallurgy (“AusIMM”), and the Australian Institute of Geoscientists (“AIG”). The author has taken due note of the rules and guidelines issued by such bodies as the ASIC and the ASX, including ASIC Regulatory Guide 111 – Content of Expert Reports, and ASIC Regulatory Guide 112 – Independence of Experts.

1.3 Principal Sources of Information

This Report has been based upon information available up to and including 24th August 2012 (“Valuation Date”). The information was provided to CSA by Deep Yellow or has been sourced from the public domain, and includes both published and unpublished technical reports prepared by consultants and previous explorers, and other data relevant to the individual project areas.

The author has endeavoured, by making all reasonable enquiries, to confirm the authenticity and completeness of the technical data upon which this report is based. Deep Yellow and BDO were provided a final draft of this report and requested to identify any material errors or omissions prior to its lodgement.

As recommended by the VALMIN Code, a field inspection of the Deep Yellow Namibian assets was undertaken by CSA consultant Simon McCracken between 30th January and 3rd February 2012 in connection with the preparation of this report.

Site visits were not conducted to the Australian assets as these are considered to be at an earlier stage of exploration and evaluation and it is CSA’s opinion that no significant additional benefit would be gained from a visit to these sites.

The statements and opinions contained in this report are given in good faith and in the belief that they are not false or misleading. The conclusions are based on the reference date of the 24th August 2012 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

1.4 Author of Report

This Report has been prepared by CSA Global Pty Ltd. The primary author of the report is CSA's associate consultant geologist, Paddy Reidy (B.Sc., 1994) a Member of the AusIMM, who has worked for 16 years as a professional geologist with experience in the evaluation and mining of mineral properties within Australia and worldwide. Mr Reidy has the relevant qualifications, experience, competence and independence to be considered an “Expert” under the definitions provided in the VALMIN Code and a “Competent Person” as defined in the JORC Code.

The field inspection of the Deep Yellow Namibian assets was undertaken between 30th January and 3rd February 2012 by Simon McCracken (BAppSc), principal consultant with CSA Global (UK) Ltd and a Member of the AIG. Mr McCracken has worked for 28 years as a professional geologist within Europe and worldwide, and has the relevant qualifications, experience, competence and independence to be considered an “Expert” under the

definitions provided in the Valmin Code and a “Competent Person” as defined in the JORC Code.

1.5 Independence

Neither CSA, nor the authors of this report, has or has had previously, any material interest in Deep Yellow, Raptor or the mineral properties in which Deep Yellow has an interest. CSA’s relationship with Deep Yellow is solely one of professional association between client and independent consultant.

CSA is an independent geological consultancy. Fees are being charged to Deep Yellow at a commercial rate for the preparation of this report, the payment of which is not contingent upon the conclusions of the report. No member or employee of CSA is, or is intended to be, a director, officer or other direct employee of Deep Yellow. No member or employee of CSA has, or has had, any shareholding in Deep Yellow. There is no formal agreement between CSA and Deep Yellow as to Deep Yellow providing further work for CSA.

1.6 Declarations

This Report has been prepared by CSA Global Pty Ltd at the request of, and for the sole benefit of BDO Corporate Finance (WA) Pty Ltd. Its purpose is to provide an Independent Technical Assessment and Valuation of the Deep Yellow Namibian and Australian exploration and development projects. The Report is to be included in its entirety or in summary form within an Independent Expert’s Report to be prepared by BDO in connection with a Notice of Meeting and Explanatory Memorandum to be sent to shareholders of Deep Yellow addressing the earn-out payment to Raptor Partners. It is not intended to serve any purpose beyond that stated and should not be relied upon for any other purpose.

The information in this report that relates to Namibia Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Leon Pretorius, a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Pretorius, Managing Director of Reptile Uranium Namibia (Pty) Ltd has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Dr Pretorius consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Ongolo, MS7 and Inca Mineral Resources is based on work completed by Mr Neil Inwood and Mr Doug Corley. Mr Inwood is a Fellow of the Australasian Institute of Mining and Metallurgy and Mr Corley is a member of the Australian Institute of Geoscientists. Messrs Inwood and Corley have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of THE ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Messrs Inwood and Corley consent to the inclusion in the Report of the matters based on their information in the form and context in which it appears. Messrs Inwood and Corley are full-time employees of Coffey Mining.

The information in this report that relates to the TRS and Tubas Mineral Resource is based on information compiled by Mr Willem R Kotzé Pr.Sci.Nat MSAIMM. Mr Kotzé is a Member and Professional Geoscientist Consultant of Geomine Consulting Namibia CC. Mr Kotzé has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Kotzé consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Aussinanis and Tumas Mineral Resources is based on work completed by Mr Jonathon Abbott who is a full time employee of Hellman and Schofield Pty Ltd and a Member of the Australasian Institute of Mining and Metallurgy. Mr Abbott has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Abbott consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves in Queensland is based on information compiled by Mr Martin Kavanagh, a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Kavanagh is an Executive Director of Deep Yellow Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Kavanagh consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Queensland Mineral Resource is based on work completed by Mr Neil Inwood. Mr Inwood is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Inwood is employed by Coffey Mining Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of The 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Inwood consents to the inclusion in the Report of the matters based on their information in the form and context in which it appears.

The information in this report that relates to the Napperby Project Mineral Resource is based on information compiled by Mr Daniel Guibal who is a Fellow (CP) of the Australasian Institute of Mining and Metallurgy. Mr Guibal is a full time employee of SRK Consulting and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Guibal consents to the inclusion in the Report of the matters based on their information in the form and context in which it appears.

CSA has consented to the inclusion of the Report within the IER in the form and context in which it is to appear. Neither the whole nor any part of the Report, nor any reference to it, may be included in or with, or attached to any other documents, circular, resolution, letter or statement without the prior written consent of CSA as to the form and context in which it is to appear.

2 Namibia Background

2.1 Location, Climate and Infrastructure

Namibia, officially the Republic of Namibia is a country in southern Africa whose western border is the Atlantic Ocean. It shares land borders with Angola and Zambia to the north, Botswana to the east and South Africa to the south and east.

Its capital and largest city is Windhoek with a population of 230,000 and located in the Khomas Region in the centre of the country. The largest harbour is located at Walvis Bay, on the central west coast, south of Swakopmund. The country is mostly arid or semi-arid, comprising a high inland plateau bordered by the Namib Desert along the coast and the Kalahari Desert to the east. The Namibian coastline is swept by the cold Benguela current.

Namibia is serviced by a network of sealed highways connecting Windhoek in the central plateau region of Namibia with the coast at Walvis Bay, and with Botswana, Angola and South Africa. Generally unsealed but well-maintained access roads provide regional access throughout Namibia. Power is available via local extensions to an extensive regional electricity grid originating in South Africa. A railway line extends from the port of Walvis Bay to Tsumeb, where a copper smelter is in operation.

2.2 Mining Industry

Providing 25% of Namibia's revenue, mining is the single most important contributor to the economy. Namibia is the fourth largest exporter of non-fuel minerals in Africa and the world's fourth largest producer of uranium. There has been significant investment in uranium mining and Namibia. Rich alluvial diamond deposits make Namibia a primary source for gem-quality diamonds. While Namibia is known predominantly for its gem diamond and uranium deposits, a number of other minerals are extracted industrially such as lead, tungsten, gold, tin, fluorspar, manganese, marble, copper and zinc.

2.3 Local resources, Infrastructure and Physiography

The Deep Yellow project areas are accessed via east west sealed roads between Swakopmund, Walvis Bay and Windhoek, and the unsealed Langer Heinrich access road. Project area access is via un-made sandy tracks. An international airport at Walvis Bay services daily flights from Johannesburg and Cape Town and other destinations.

Engineering and service industries are available locally at both Swakopmund and Walvis Bay where a major port services the requirements of the petroleum drilling industry for much of West Africa.

The RUN tenement area is characterised by aeolian sand covered desert with sparse vegetation. The landscape climbs gently towards the east, and has been incised by shallow drainage that meanders in braided channels towards the coast in the west. Shallow ridges of gneiss/alaskite that host uranium mineralisation, and marble that is often in the footwall to mineralisation, form low hills that outcrop sporadically and form north south ridges and fold

noses in the north part of the permit area, in particular around the Omahola group of deposits.

2.4 Political Status

South Africa occupied the German colony of South West Africa during World War I and administered it as a mandate until after World War II when it annexed the territory. In 1966, the South West Africa People's Organization guerrilla group ("SWAPO") launched a war of independence for the area that was subsequently named Namibia, but it was not until 1988 that South Africa agreed to end its administration in accordance with a UN peace plan for the entire region. Namibia gained independence from the South African mandate on 21 March 1990 following multi-party elections and the establishment of a constitution. President Sam Nujoma served for the first three terms and was succeeded by President Hifikepunye Pohamba in March 2005 following a peaceful election.

2.5 Mineral Tenure

Within the Republic of Namibia the government holds all mineral rights. Mineral exploration and development is controlled by the 1992 Minerals (Prospecting and Mining) Act, which is administered by the Ministry of Mines and Energy. Prospecting, mineral exploration and mining activities are governed through the awarding of mining claims and four distinct licences. The Republic of Namibia on the basis of a proponent's technical and financial capability awards exclusive Prospecting Licences, such as EPL 3195.

Mineral claims are intended for small-scale mines and mineral deposits and may only be established by Namibian citizens. To establish a mining claim, the proponent must physically identify the corner boundary points of the claim. The application for a mineral concession involves the filing of documents, and the mineral concession boundaries must be specified in the application documents.

2.5.1 Non-Exclusive Prospecting Licence (NEPL)

A Non-Exclusive Prospecting Licence permits prospecting non-exclusively in any open ground not restricted by other mineral rights, and is valid for 12 months. Prospectors must furnish the Mining Commissioner with details on all samples removed from the NEPL area.

2.5.2 Reconnaissance Licence

These licenses allow regional remote sensing techniques, and are valid for 6 months (renewable under special circumstances) and can be made exclusive in some instances. A geological evaluation and work plan needs to be submitted to the Mining Commissioner.

2.5.3 Exclusive Prospecting Licence

Individual EPLs can cover areas not exceeding 1,000km² and are valid for three years, with two renewals of two years each. Two or more EPLs can be issued for more than one mineral in the same area. A geological evaluation and work plan (including estimated expenditure commitments) is a pre-requisite prior to issuing of the licenses.

2.5.4 Mineral Deposit Retention Licence

These allow successful prospectors to retain rights to mineral deposits that are uneconomic to exploit immediately. MDRLs are valid for up to five years and can be renewed subject to limited work and expenditure obligations.

2.5.5 Mining Licence

A Mining License (ML) can be awarded to Namibian citizens and companies registered in Namibia. They are valid for the life of mine, or an initial 25 years, renewable for successive periods of up to 15 years. Applicants must have the financial and technical resources to mine effectively and safely. With the exception of NEPLs and RLs, prior to MLs being issued, all applicants are required to complete an environmental contract with the Department of Environment and Tourism.

Where relevant, environmental impact assessments must be made with respect to air pollution, dust generation, water supply, drainage/waste water disposal, land disturbance and protection of fauna and flora.

2.6 Proposed Namibian Mineral Policy Changes April 2011

On April 20, 2011, the Namibian Minister of Mines and Energy made comments in his budget speech to the Namibian Parliament that Cabinet had decided that the right to own licences for certain strategic minerals should only be issued to a State owned company. These minerals comprise uranium, copper, gold, coal, diamonds and rare earth metals.

A further Media Statement was released by the Minister on 11 May which gave greater clarity and additional details on the proposed Mineral Policy changes. The Statement confirmed that ownership of existing Namibian exploration licences including those EPL's held by RUN and in JV with Nova Energy (Namibia) Pty Ltd would not be affected by the proposed policy changes. In addition, the Minister confirmed that mining licence applications on existing EPLs will be considered under the existing procedures on their own merit and without prejudice.

2.7 Proposed Namibian Tax Changes July 2011

In July 2011, the Namibian Minister of Finance announced a number of proposed amendments to the country's tax laws. Following consultation with various industry groups, including the Namibian Chamber of Mines and Energy, the Ministry of Finance announced various revisions to the proposed amendments. The key revised taxation proposals relate to the introduction of an export levy of between 0-2% on raw materials, an increase to certain non-resident shareholder taxes, the introduction of certain withholding taxes and transfer duties, and the proposed introduction of taxes on windfall mining profits and capital gains related to exploration and mining rights. Consultation by the Ministry of Finance is continuing, and the announced taxation amendments are yet to be drafted with implementation envisaged by 2012/13.

2.8 Environmental Permitting

The management and regulation of mining activities falls within the jurisdiction of the Namibian Ministry of Mines and Energy (MME); with environmental regulations guided and implemented by the Directorate of Environmental Affairs (DEA), within the Ministry of Environment and Tourism (MET).

The Omahola Project lies within the existing Namib Naukluft Park, and where since the establishment of the park, numerous prospecting and mining activities have been conducted. Environmentally irresponsible behaviour by some operating companies, resulting in long-lasting damage has led to the establishment of the Policy for prospecting and mining in protected areas and national monuments in 1999 (the term 'protected areas' includes national parks and game reserves). This policy document outlined the procedures to be followed before government may make a decision as to whether a prospecting or mining activity may commence.

Since then various legislation has been drafted, with some already promulgated and in force. The draft regulations for environmental assessment (MET, 2009) have not yet been promulgated but provide the basis of the environmental assessment process followed for the Omahola Project. This is also the case with various other project proposals currently in progress, and has been recommended as such by representatives of the MET during an information exchange meeting held at their offices in Windhoek on 23 March 2010. In addition, any proposed mining project should also have to adhere to the following 13 principles of environmental management (SAIEA, 2003; Friend *et al.*, 2005):

- renewable resources shall be utilised on a sustainable basis for the benefit of current and future generations of Namibians,
- community involvement in natural resource management and sharing in the benefits arising there from shall be promoted and facilitated,
- public participation in decision making affecting the environment shall be promoted,
- fair and equitable access to natural resources shall be promoted,
- equitable access to sufficient water of acceptable quality and adequate sanitation shall be promoted and the water needs of ecological systems shall be fulfilled to ensure the sustainability of such systems,
- the precautionary principle and the principle of preventative action shall be applied,
- there shall be prior environmental assessment of projects and proposals which may significantly affect the environment or use of natural resources,
- sustainable development shall be promoted in land use planning,
- Namibia's movable and immovable cultural and natural heritage including its biodiversity shall be protected and respected for the benefit of current and future generations,

- generators of waste and polluting substances shall adopt the best practicable environmental option to reduce such generation at source,
- the polluter pays principle shall be applied,
- reduction, re-use and recycling shall be promoted, and
- there shall be no importation of waste into Namibia

A public access Scoping Study for an Environmental Impact Assessment for the Omahola Project has been compiled by Softchem of South Africa, and was submitted in October 2010. This Scoping Study is in support of two EIA's which were submitted to the MET in November 2011 for two components of the Omahola Project – the INCA and Tubas-TRS deposit areas.

Mining Licence Applications (MLA's) for the INCA and Tubas Red Sand deposit areas were submitted in November 2011 to the MME.

The EIA and MLA for the INCA deposit are to permit an open pit mine producing uranium and iron bearing ore of up to 2.5 million tonnes per annum which could result in the production of up to 2.5 Mlbs per annum U₃O₈, depending on project economics.

The EIA and MLA for the Tubas-TRS deposit are to permit a shallow, free dig open pit mine producing uranium ore which will be upgraded by physical beneficiation to produce a high grade uranium rich concentrate paste amenable to acid or alkali leaching.

The Company announced on 28 February 2012 that Environmental Clearances had been received from the MET in respect of the EIA's which were submitted for the INCA and Tubas-TRS deposits in October 2011. The Company further announced on 19 March 2012 that Environmental Clearances had also been received for the Shiyela Iron Project. The clearances are typically viewed as a precursor for the issue of Mining Licences.

Standard conditions have been attached to the clearances in view of the risks and environmental sensitivity of the region, which include local and regional consultation and consent required prior to mining and protection of biodiversity habitats during operation. The MET has also reserved the right to attach further regulatory conditions during the operational phase of the projects.

2.9 Regional Geology of Namibia

The regional geological setting of Namibia is dominated by the Damara Orogenic Belt, a major northeast trending belt of Mesoproterozoic to earliest Palaeozoic rocks that formed within a major intracontinental rift basin and reflects part of the West Gondwana suture (Gray, *et al*, 2008). The rift was deformed by closure of the basin during the late Neoproterozoic and early Palaeozoic.

The Damara Orogen consists of three component arms that define a three-pronged orogenic system or collisional triple junction (Figure 1). These component fold belts are the NNW-trending northern coastal arm or Kaoko Belt, the S-trending southern coastal arm or Gariep Belt and the ENE-trending Inland or Damara Belt. The Damara Belt extends under cover into

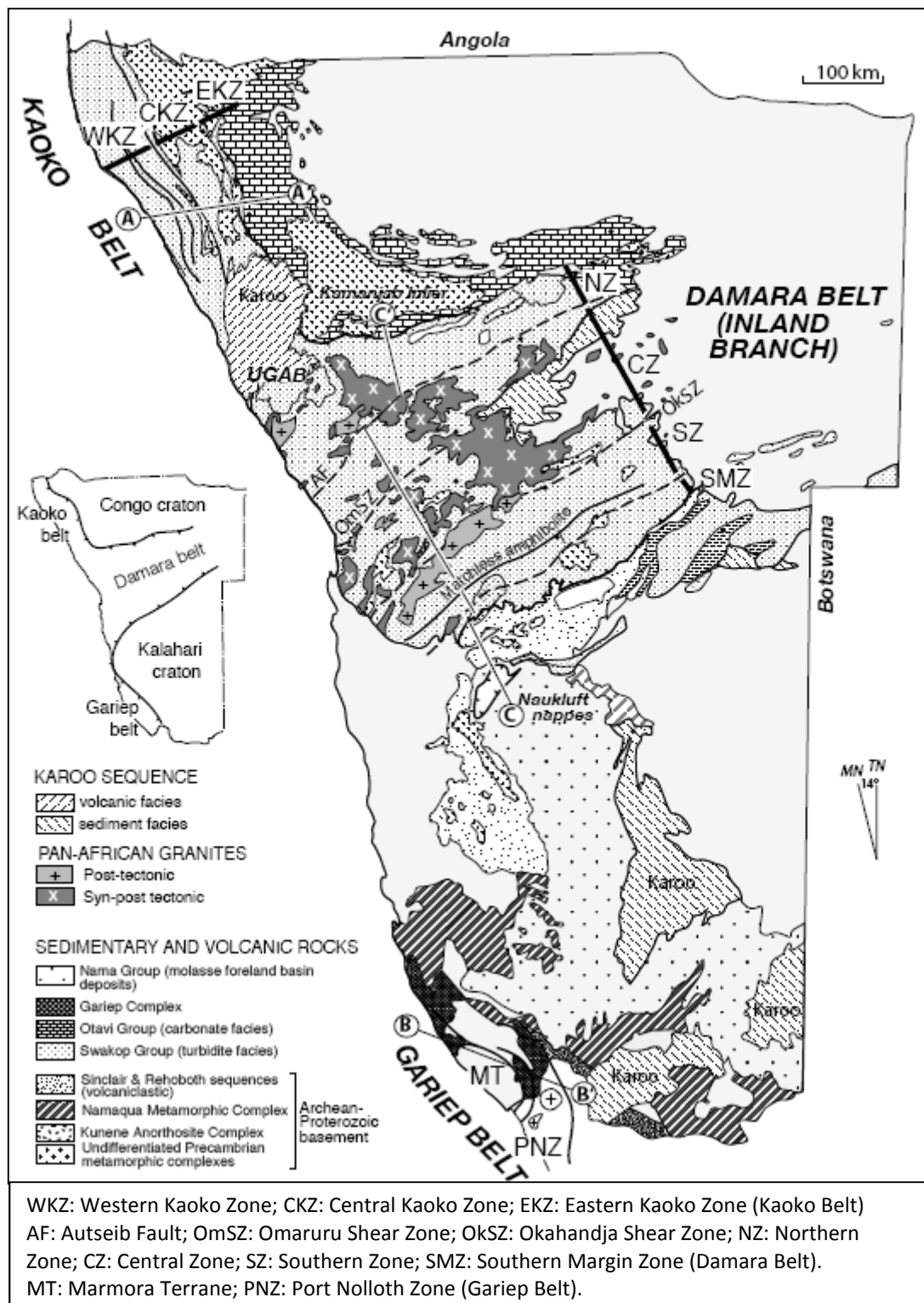
Botswana and ultimately links with the Lufilian Arc and the Zambezi, Mozambique and Lurio Belts (Gray, *et al.* 2008).

The Omahola Project is located in the central (Swakop) zone of the Damara Orogen, and where mineralisation is associated with structural and intrusion-associated settings formed during the major thrust deformation that closed the orogen.

The Central Zone is generally thought of as a palaeo-arch, where Damara and pre-Damara rocks are complexly intermixed in a dome and basin topology following the collision of the Congo and Kalahari Cratons. The Central Zone is bounded by two north-east trending structures known as the Omaruru Lineament on the northern margin, and the Okahandja Lineament to the south (Gray, *et al.* 2008).

The regional setting features a northeast trending anticlinal hinge zone, with extensive inliers of Palaeoproterozoic rocks of the Abbabis Metamorphic Complex commonly present as elongated dome-like features surrounded by younger folded Damara Sequence lithologies.

The Abbabis Metamorphic Complex lithologies typically underwent medium to high grade metamorphism, typically amphibolite to granulite facies, with the succession dominantly comprising metasediment, paragneiss, orthogneiss and ortho-amphibolite, all of which are extensively invaded by pegmatites.



3 Namibian Projects

3.1 Location, Access and Infrastructure

The primary development focus for RUN is the Omaha Project situated on EPL 3496 (Figure 2), and located in the west of central Namibia, approximately 40km east of the major deep-water seaport at Walvis Bay and east-southeast of the coastal town of Swakopmund.

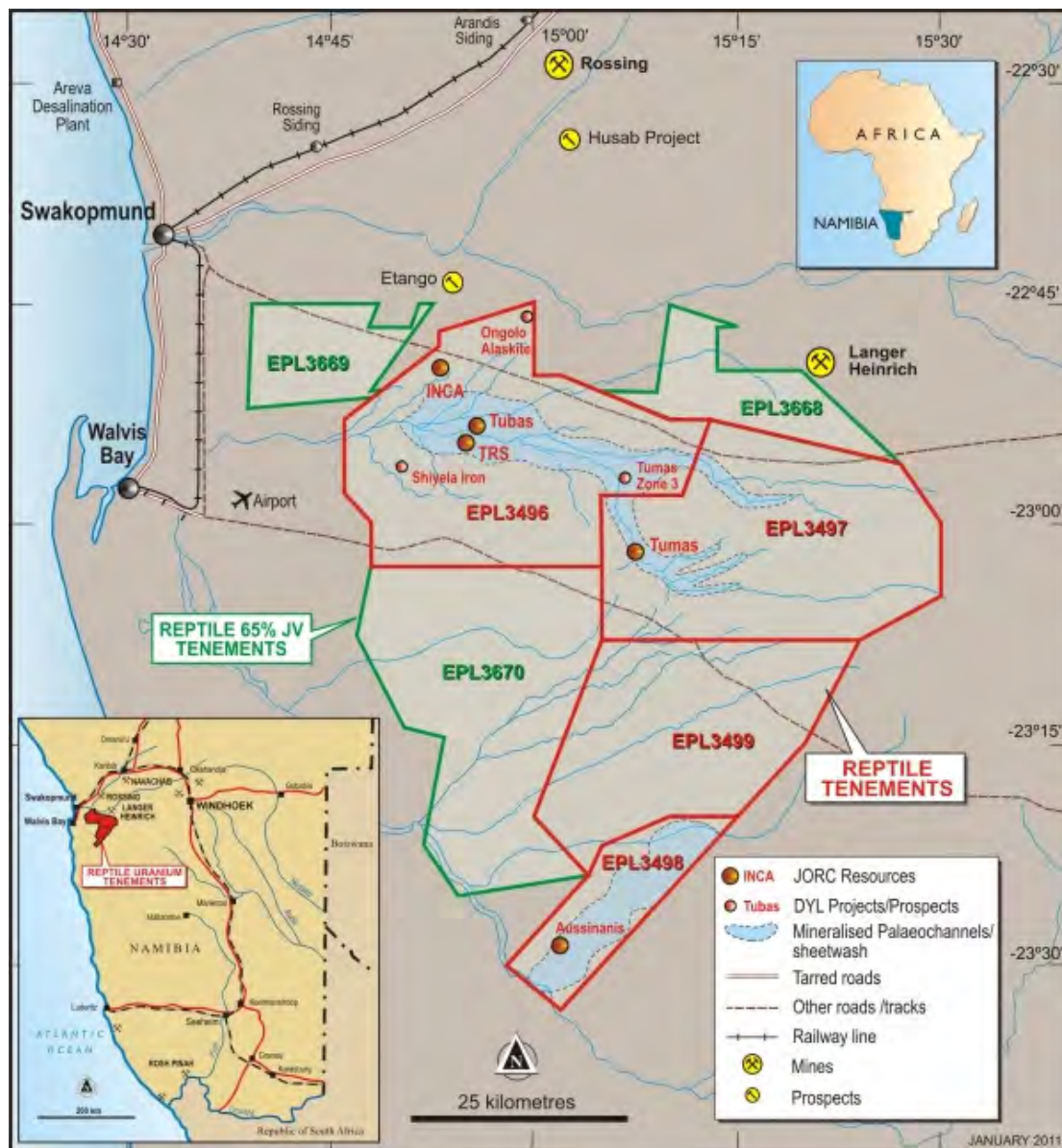


Figure 2 Location of Deep Yellow tenements and projects

The Deep Yellow project areas are initially accessed via east west sealed roads between Swakopmund, Walvis Bay and Windhoek, and the partially sealed C28 highway from

Swakopmund into the Namib-Naukluft National Park area. Project area access is via un-made sandy tracks. An international airport at Walvis Bay services daily flights from Johannesburg and Cape Town and other destinations. Engineering and service industries are available locally at both Swakopmund and Walvis Bay where a major port services the requirements of the petroleum drilling industry for much of West Africa.

3.2 Project Tenure

Deep Yellow's Namibian Projects are managed by its wholly-owned subsidiary RUN which holds 100% of four contiguous EPL's covering 2,875 km² and a 65% JV interest in three adjoining EPL's covering 1,323 km² (Figure 2 and Table 3).

Table 3. Namibian Tenements

Tenement number	Name	Holding (%)	Area (ha)	Expiry	Minerals
EPL3496	Tubas	100	95,588.0	5/6/2013	Base and Rare metals, Nuclear Fuels, Industrial Minerals
EPL3497	Tumas	100	94,918.0	5/6/2013	Base and Rare metals, Nuclear Fuels
EPL3498	Aussinanis	100	23,307.0	7/5/2014	Base and Rare metals, Nuclear Fuels
EPL3499	Ripnes	100	71,716.0	5/6/2013	Base and Rare metals, Nuclear Fuels
EPL3668	Gawib West	65	24,747.0	20/11/2013	Base and Rare metals, Nuclear Fuels
EPL3669	Tumas North	65	21,781.0	20/11/2013	Base and Rare metals, Nuclear Fuels
EPL3670	Chungochoab	65	85,750.0	20/11/2013	Base and Rare metals, Nuclear Fuels

EPL's 3496, 3497 and 3498 were initially granted on 6th June 2006 for a period of three years to Reptile Investments Four (Pty) Ltd (name subsequently changed to RUN). They have been renewed for a period of 2 years in June 2009 and again in June 2011 for a further period of 2 years. Deep Yellow acquired ownership of the licences via the acquisition of 100% of RUN in October 2006.

EPL 3498 was granted on 8th May 2007 to RUN and renewed in May 2010 for a further period of 4 years.

EPL's 3668, 3669 and 3670 are held by Nova Energy (Namibia) (Pty) Ltd, where Deep Yellow have 65% ownership as part of a joint venture agreement entered into in May 2009 with Toro Energy Limited (Toro). These licences were initially granted on 21st November 2006 for a period of one year, and have since been renewed three times for periods of two years, most recently being in December 2011.

3.3 Summary of Namibian Uranium Mineral Resources

Mineral Resources have been reported in accordance with JORC guidelines at six separate deposit locations within RUN's 100% owned EPL's. Following the most recent update to the Tubas ("TRS") Project on 28 February 2011, the current total of uranium Mineral Resources in Namibia is 182Mt at 253 ppm U₃O₈ for 101.4 Mlbs of contained U₃O₈.

Table 4. Namibian Uranium Mineral Resources – April 2012

Deposit	Category	Cut-off (ppm U ₃ O ₈)	Tonnes (M)	U ₃ O ₈ (ppm)	U ₃ O ₈ (t)	U ₃ O ₈ (Mlb)
REPTILE URANIUM NAMIBIA (NAMIBIA)						
Omahola Project						
INCA ♦	Indicated	250	7.0	470	3,300	7.2
INCA ♦	Inferred	250	5.4	520	2,800	6.2
Ongolo #	Indicated	250	14.7	410	6,027	13.2
Ongolo #	Inferred	250	5.8	380	2,204	4.8
MS7 #	Indicated	250	3.3	430	1,400	3.2
MS7 #	Inferred	250	2.0	540	1,100	2.4
Omahola Project Total			38.2	441	16,831	37.0
TRS Project						
TRS - Sand	Inferred	70	87.0	148	12,876	28.4
TRS Project Total			87.0	148	12,876	28.4
Tubas-Tumas Palaeochannel Project						
Tumas ♦	Indicated	200	14.4	366	5,270	11.6
Tumas ♦	Inferred	200	0.4	360	144	0.3
Tubas – Calcrete	Inferred	100	7.4	374	2,767	6.1
Tubas-Tumas Project Total			22.2	369	8,181	18.0
Aussinanis Project						
Aussinanis ♦	Indicated	150	5.6	222	1,243	2.7
Aussinanis ♦	Inferred	150	29	240	6,960	15.3
Aussinanis Project Total			34.6	237	8,203	18.0
RUN TOTAL - NAMIBIA			182.0	253	46,091	101.4
TOTAL INDICATED RESOURCES			45.0	383	17,240	37.9
TOTAL INFERRED RESOURCES			137.0	211	28,851	63.5
TOTAL RESOURCES			182.0	253	46,091	101.4
Notes: Figures have been rounded and totals may reflect small rounding errors XRF chemical analysis unless annotated otherwise ♦ eU ₃ O ₈ - equivalent uranium grade as determined by downhole gamma logging # Combined XRF Fusion Chemical Assays and eU ₃ O ₈ values						

3.4 Omahola Project

3.4.1 Introduction and Project Area

The Omahola Project is located entirely within Deep Yellow's 100% owned EPL 3496 (Figure 3), and consists of the Ongolo and MS7 Alaskite deposits, and the INCA uranium and magnetite deposit.

Development of the Project envisages a processing plant located close to the Ongolo deposit treating a blend of primary ore from the three deposits.

The Omaha Project's Resource base, the majority of which will be mineable by open pit methods, totals 38.2 Mt at an average grade of 441 ppm U_3O_8 for 37 Mlbs U_3O_8 (Table 1). Deep Yellow expects that Mineral Resources at both MS7 and Ongolo will increase through ongoing exploration success, which has continued in 2012. High level pit optimisation exercises on Ongolo and MS7 commenced at the end of 2011.

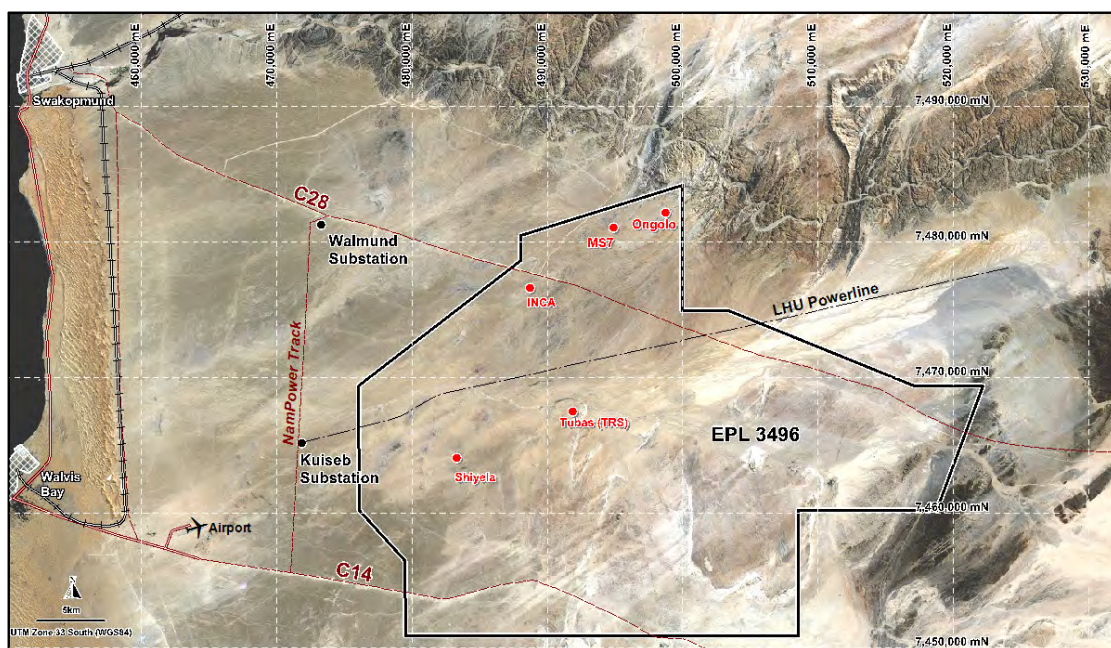


Figure 3 Location of the Omaha Project – INCA, MS7 and Ongolo deposits

A Pre-Feasibility Study commenced in 2010 based on the INCA deposit with supplemental feed from the lower grade TRS deposit. Interim results were released early in 2011 which demonstrated the potential for an operation producing 2.2 Mlbs of U_3O_8 per annum over a 12 year mine life.

Additional testwork was commissioned on the INCA deposit to more accurately estimate the acid consuming carbonate content of the various ore lenses that comprise the deposit. In addition with significant increases in hard rock resources associated with the discovery of the Ongolo and MS7 deposits the focus is to achieve a critical mass of at least 50 Mlbs of predominantly Alaskite material through ongoing exploration. The low-grade TRS deposit is now seen as a potential short term stand-alone operation, which will ultimately feed into Omaha.

An approved scoping Environmental Impact Assessment ("EIA") is currently in place for the INCA deposit and the final EIA report and draft Environmental Management Plan was submitted to the relevant Namibian government departments in November 2011. A Mining Licence application has also been submitted to the Namibian Ministry of Mines and Energy.

Deep Yellow plan to commence an Environmental Impact Assessment of the Ongolo-MS7 area in 2012 once that there has been sufficient resource definition and suitable locations for a processing plant and tailings dam has been selected.

The Company has stated that upon reaching the targeted Mineral Resource, the project should have sufficient critical mass to enable a re-commencement of the Pre-Feasibility Study.

Table 5. Omahola Project Development attributes and Mineral Resources

	INCA	ONGOLO	MS7
JORC Resource	12.4Mt@492ppm 13.4Mlbs U3O8	20.5Mt@400ppm 18.0Mlbs U3O8	5.4Mt@470ppm 5.6Mlbs U3O8
Cut-off Grade	250ppm	250ppm	250ppm
Mineralisation	Primary	Primary	Primary
Mining	Shallow open pit hard rock drill and blast	Shallow open pit hard rock drill and blast	Shallow open pit hard rock drill and blast
Depth Range	0 – 250 metres	0 – 200 metres	0 – 200 metres
Processing	Acid plant	Acid plant	Acid plant

Deposit	Category	Cut-off (ppm U ₃ O ₈)	Tonnes (Mt)	U ₃ O ₈ (ppm)	U ₃ O ₈ (t)	U ₃ O ₈ (Mlb)
REPTILE URANIUM NAMIBIA (NAMIBIA)						
Omahola Project						
INCA	Indicated	250	7	470	3,300	7.2
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Ongolo	Indicated	250	14.7	410	6,027	13.2
Ongolo	Inferred	250	5.8	380	2,204	4.8
MS7	Indicated	250	3.3	430	1,400	3.2
MS7	Inferred	250	2.0	540	1100	2.4
Omahola Project Total			38.2	441	16,831	37.0

3.4.2 INCA Deposit Geology and Mineralisation

Primary and secondary uranium mineralisation at INCA is hosted by the Neoproterozoic Swakop Group of the southern Central Zone of the Damara Orogen. Project geology is dominated by high-grade metamorphosed sediments, which have been intruded by polyphase granitoids. The main lithologies comprise marbles, calcsilicates, gneisses and granitoids. The principal alteration feature visible on the surface at INCA is the magnetite alteration that is well exposed near the old Von Stryk iron ore pit/mine located north of the INCA Main prospect.

The host rocks have been folded into an overturned, north-east facing plunging synform (called the INCA Main Synform), with a footwall defined by outcropping marble of Rössing or Karibib formation (Figure 4). Uranium mineralisation appears to be concentrated within a variety of lithologies close to the marble footwall contact and along the fold nose and limbs of the synform, which plunges to the north-east. The synformal fold axis represents a zone of structural complexity and plays an important role in control of uranium mineralisation at the INCA Main prospect. Uranium mineralisation has also been traced along the eastern limbs of the INCA Main Synform and along the corresponding antiform/synform couple exposed to the south east of INCA Main at INCA South and INCA East. Drilling to date has focused on the western and eastern limbs of the INCA Synform, which are defined by prominent magnetic highs.

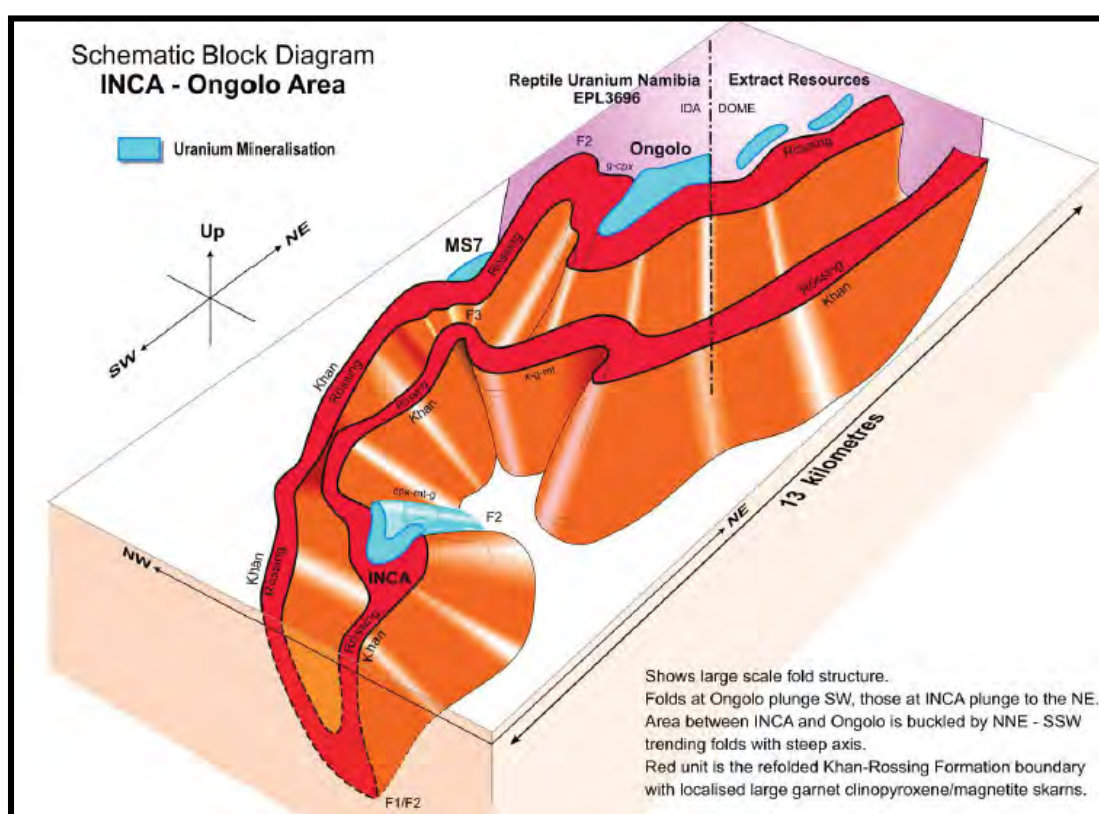


Figure 4 Schematic block diagram of INCA-Ongolo-MS7 deposits

Two types of dislocation structure affect the synformal fill. The first structure is an approximately 20 m thick, tongue-like breccia zone. This is a moderately dipping, layer-parallel deformation zone, characterised by intense-to- variable brecciation, oxidation, clay alteration and matrix carbonate cementation. It is superimposed on all adjacent rocks and is thus a late event and appears to post-date the initial mineralisation event. The second type of dislocation recognised is a series of parallel vertical-lateral offsets trending northeast. These structures seem to influence the shape of the mineralised envelope.

Uranium mineralisation forms strata-bound streaks, layers and pods within the calcsilicate and biotite gneisses (Figure 5) and, especially, where laterally continuous magnetite seams are present. The relict calc-silicate zones within the granitised gneiss also carry lower grade

uranium values. There is virtually no uranium present in the basal marble or the un-hybridised granite. The one exception is the uncommon presence of highly radioactive alaskitic granite slivers within the layered sequence. These alaskitic slivers can be either fresh or totally kaolinised, and the small mineralised outlier named INCA South is a prime example. Such alaskitic intrusives are likely to be the immediate source of the metasomatic/hydrothermal uranium now residing in the Khan metasediments.



Figure 5 HQ diamond drillcore – altered granitic host rock with black magnetite, skarn alteration and yellow-green secondary uranium mineralisation (uranophane and beta-uranophane)

3.4.3 INCA Mineral Resources

A Mineral Resource estimate for the INCA deposit was completed by Coffey Mining Pty Ltd (“Coffey”) in October 2010, using the Ordinary Kriging (“OK”) method. The Mineral Resource was re-estimated in January 2012 by Coffey using the Multiple Indicator Kriging (“MIK”) method in order to bring the deposit into line with the Ongolo and MS7 Mineral Resource estimates which were estimated using the MIK estimation method.

The MIK estimate was undertaken utilising change of support (“COS”) to emulate a selective mining unit (“SMU”) of 10m x 5m x 3m. The same drillhole database was used for the re-estimate and approximately 25% of the composite samples used in the estimate were chemical assays with 75% from factored radiometric data.

The drillhole database in the vicinity of the estimation consists of 345 RC drill holes totalling

52,118 metres, 37 diamond drillholes totalling 5,322 metres and 34 diamond drillholes with RC precollars totalling 10,591 metres. The drillholes were drilled typically vertically with 33 drilled at 60° to the various bearings (UTM grid) with a drill spacing ranging from 25 metres by 25 metres to 100 metres by 100 metres (Figure 6). Only RC and diamond drilling and sampling undertaken by RUN were used in the estimate.

Resource classification was developed from the confidence levels of key criteria including drilling methods, geological understanding and interpretation, sampling, data density and location, grade estimation and the quality of the estimate.

The MIK Mineral Resource estimated for INCA was estimated in accordance with JORC guidelines and now totals 12.4 Mt at 490 ppm U_3O_8 for 13.4 Mlbs U_3O_8 reported above a 250 ppm cut-off (Indicated and Inferred).

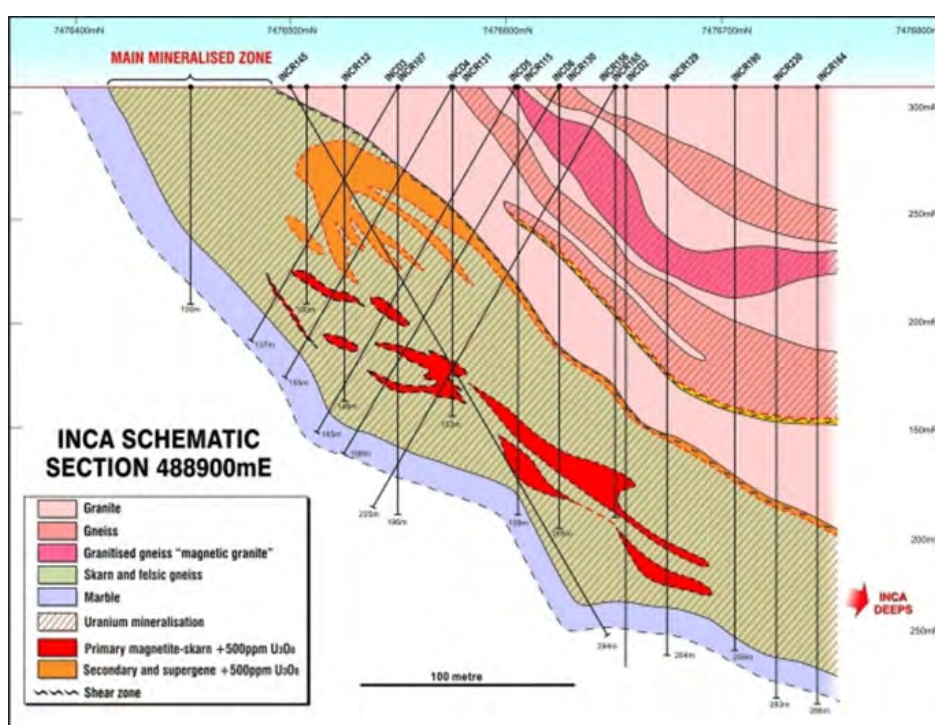


Figure 6 INCA South to North Long Section 488900mE

3.4.4 Ongolo Deposit Geology and Mineralisation

Uranium mineralisation at Ongolo is hosted by alaskitic granite, which occurs as voluminous masses and sheeted intrusive dykes, within the metasedimentary Khan Formation.

Mineralisation comes to within 20 metres of surface and underlies a broad, flat gently sloping sheetwash plain, thinly veneered by alluvial and aeolian sands. The host rocks are mostly pelitic gneiss with variable but significant pyrite/pyrrhotite content. The primary uranium mineral is uraninite.



Figure 7 High grade alaskite mineralisation with smoky quartz in diamond drillhole ALAD001

The deposit is open along strike and down-dip in some areas with mineralisation interpreted to be focussed where alaskites come into contact with the Rossing and Chuos Formations, with a marble unit acting as an impermeable layer.

3.4.5 Ongolo Mineral Resources

Evaluation of the potential of alaskites in the northern part of EPL 3496 commenced in late 2007 with five RC drill holes and one diamond core hole drilled in the initial programme. Downhole radiometric logging returned extensive 100+ ppm U_3O_8 values typical for such alaskitic material in the area, as reported by other explorers with adjoining tenements. Secondary uranium mineralisation was also developed in sands and calcrete within a broad plain south-southwest from the outcrop areas. With the discovery of the higher grade INCA uranium mineralisation, drilling in the Ongolo area was put on hold in early 2008.

As the intensity of the INCA drilling was reduced early in 2010, drilling recommenced at Ongolo and was immediately successful. The Ongolo deposit was discovered by RUN in April 2010, approximately 12 kilometres northeast of the INCA deposit (Figure 8) when high grade uranium intersects were made with discovery hole ALAR13 returning chemical assays of 89 metres at 400 ppm U_3O_8 from 128 metres.

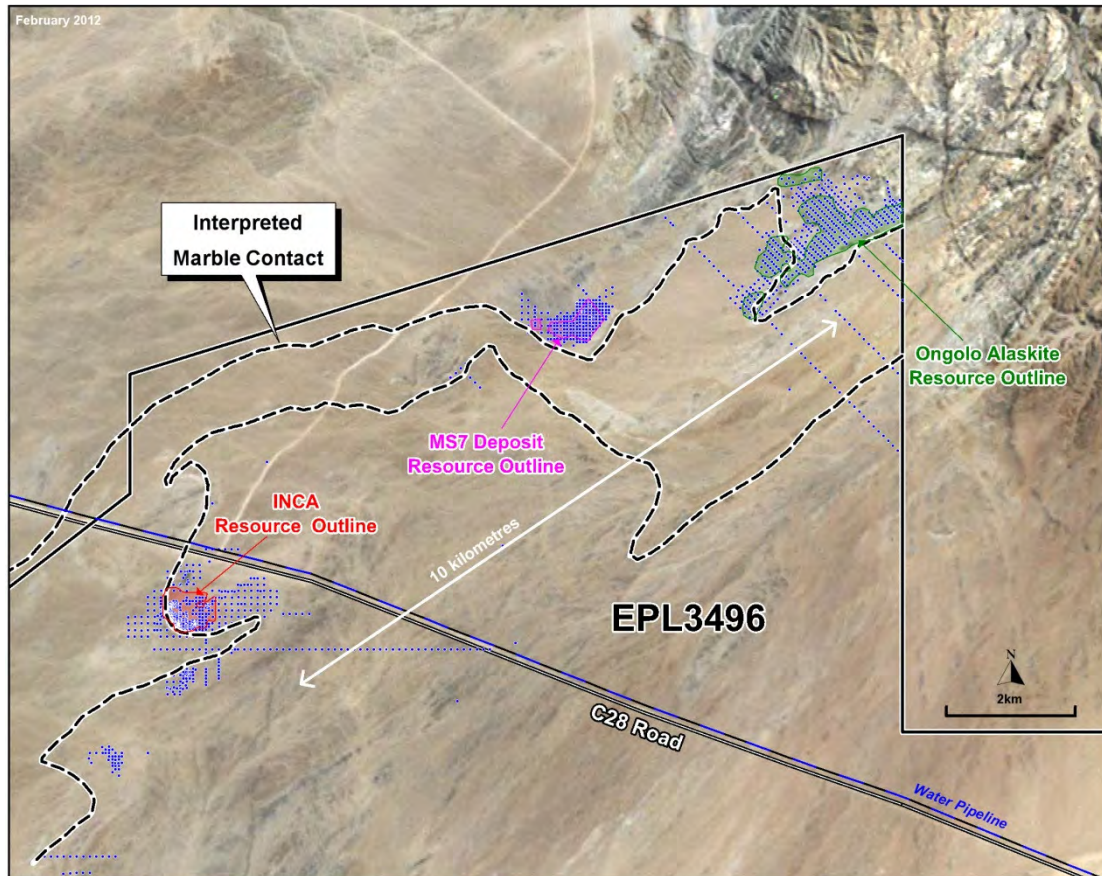


Figure 8 Ongolo – MS7–INCA deposit locations and Mineral Resource outlines above a 250ppm U₃O₈ cut-off

There followed an intensive drill campaign with Phase 1 completed in March 2011 to allow for a maiden JORC Resource estimate to be completed by Coffey Mining Pty Ltd (Coffey). Phase 2 drilling continued through to mid-September 2011 with an updated resource estimate being announced in early November.

A decision was taken in November 2010 to add the deposit to the Omahola Project and infill drilling to JORC Compliant standard commenced a month later. A maiden JORC reported Indicated and Inferred Mineral Resource estimate for the deposit was completed by Coffey and announced on 12 May 2011. The Mineral Resource totalled 6.9Mt at 410ppm for 6.2Mlbs U₃O₈ at a 275 ppm cut-off (based on 2010 drill data).

The 2011 data was merged with the 2010 data giving a drillhole database for the updated estimation consisting of 342 RC and 18 diamond holes totalling 71,081 metres. The drillholes were typically drilled at 60° towards 135°.

The method used to obtain estimated grades within the mineralised zones for U₃O₈ was block MIK. A SMU of 5 metre x 5 metre x 3 metre was selected to simulate the anticipated mining selectivity. SMU corrections were applied to the estimate to report expected recoverable resources.

By count, approximately 20% of the composites used in the estimate were sourced from chemical data and 80% from factored radiometric assays. However, as the high-grade

regions of the drilling were typically character assayed by chemical methods, approximately 65% of the resource metal endowment was sourced from chemical assay methods.

3.4.6 Ongolo South Deposit

Uranium mineralisation at the Ongolo South deposit was announced by Deep Yellow in April 2012. The deposit is located 2 km south of the main Ongolo deposit and was discovered when reconnaissance drilling returned high grade uranium mineralisation associated with a well-defined Alaskite-marble contact zone. Infill and extension drilling along this contact zone returned a number of high grade intersections at depth which will require follow-up diamond drilling to fully evaluate the structural setting of the new mineralised zone. It is intended to continue drilling along strike from the cluster of anomalous mineralisation intersected on line 5, to line 9 over a distance of 1.7 km (Figure 9).

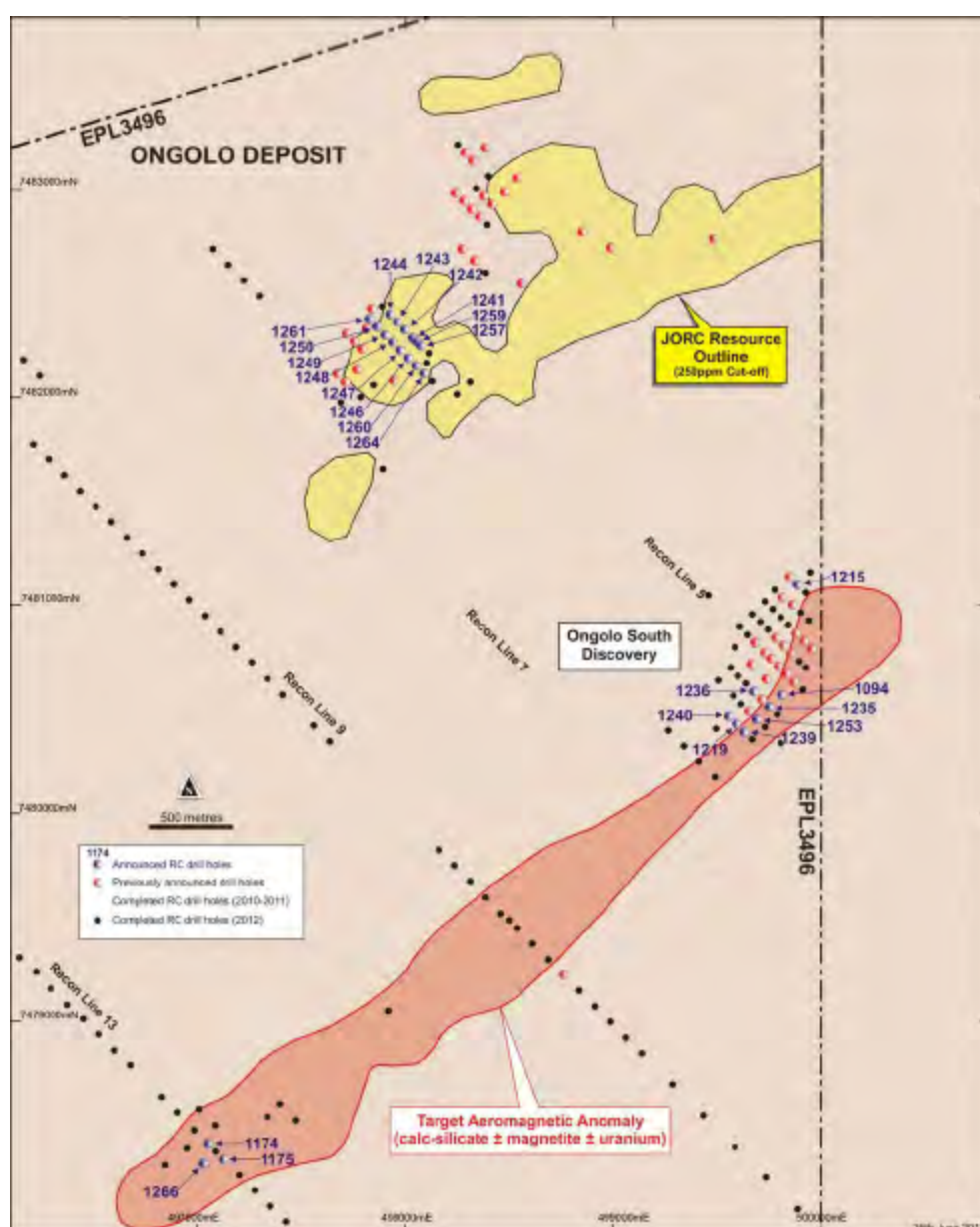


Figure 9 Location map showing Ongolo Infill and Reconnaissance drilling at Ongolo South

3.4.7 MS7 Deposit Geology and Mineralisation

Uranium mineralisation at MS7 is hosted by alaskitic granite (Figure 10), within the metasedimentary Khan Formation. It is interpreted to be similar to mineralisation at the Ongolo deposit where mineralisation is interpreted to be focussed where alaskites come into contact with the Rossing and Chuos formations, with a marble unit acting as an impermeable layer.

3.4.8 MS7 Mineral Resources

The MS7 alaskite discovery was made in May 2011. The prospect is located approximately 2 kilometres to the west of the Ongolo deposit (Figure 8). A maiden Mineral Resource was estimated by Coffey using the Ordinary Kriging method and announced on 13th October 2011. This estimate was updated by Coffey using the MIK estimation method and incorporated an additional 80 RC and 5 diamond holes for 14,766 metres with results announced on 13th December 2011 for Indicated and Inferred Mineral Resources of 5.4Mt at 470 ppm U₃O₈ for 5.6 Mlbs of U₃O₈ reported above a 250 ppm cut-off.

The drillhole database for the estimation consists of 207 RC drill holes and 7 diamond drillholes for a total of 38,350 metres, with a drill spacing of 50 metres by 50 metres to 100 metres by 100 metres.

The main mineralised zone currently extends approximately 800 metres along strike, is up to 400 metres in width and is open at depth below 200 metres.

Approximately 60% of the 5.6Mlb Mineral Resource (3.2Mlbs) is classified in the Indicated category. The higher grade Inferred Resource, at 540ppm U₃O₈, reflects recent high grade intersections that are open to depth (to the north) and which have been the focus of successful infill drilling during 2012.

In May 2012, the Company announced chemical assays for RC hole ALAR1222 which intersected 158m at 448 ppm U₃O₈ from 105 metres downhole, which is considered by the Company to be one of the best intercepts from their exploration programs to date in Namibia. Geological logging of RC chips and of diamond drill core has identified a pegmatitic Alaskite phase associated with the high grade mineralisation recently intersected at MS7. It is intended that RC drilling will follow the high grade zone to the north and north-east outside of the current resource envelope with the objective of increasing the size of the Mineral Resource. A diamond drill undercut of hole ALAR1222 has been completed and results are pending.



Figure 10 MS7 Mineralisation in drillhole ALAD6 – Alaskite in contact with biotite-gneiss with minor skarn development.

3.5 Tubas Red Sand Project

3.5.1 Introduction and Project Area

The Tubas Red Sand Deposit (TRS) is located entirely within Deep Yellow's 100% owned EPL 3496 (Figure 11) and consists primarily of low grade secondary carnotite mineralisation in well-sorted aeolian sand occurring immediately south of the Tubas palaeochannel. The sand is fine to medium grained, with medium- to well- rounded quartz grains, containing occasional organic material.

Uranium mineralisation was first identified at the project as part of the extensive Tubas Palaeochannel which was drilled by Anglo American Prospecting Services ("AAPS" or "Anglo") in the 1970's. The TRS deposit was discovered by RUN in mid-2007 when an intersection of 10 metres at 1,638 ppm U_3O_8 from surface was returned (in red sand) as part of a wider RC drill programme designed to verify historical drilling carried out by AAPS. Additional intercepts in 'brown sand' of 12 metres at 1,036 ppm U_3O_8 from 3 metres and 13 metres at 1,050 ppm U_3O_8 from 7 metres were also returned from drilling 2 km and 3.5 km east of the red sand intercept respectively. The deposit as drilled is up to 18 m thick and contains visible organic carbon which would have acted as a reductant to precipitate uranium

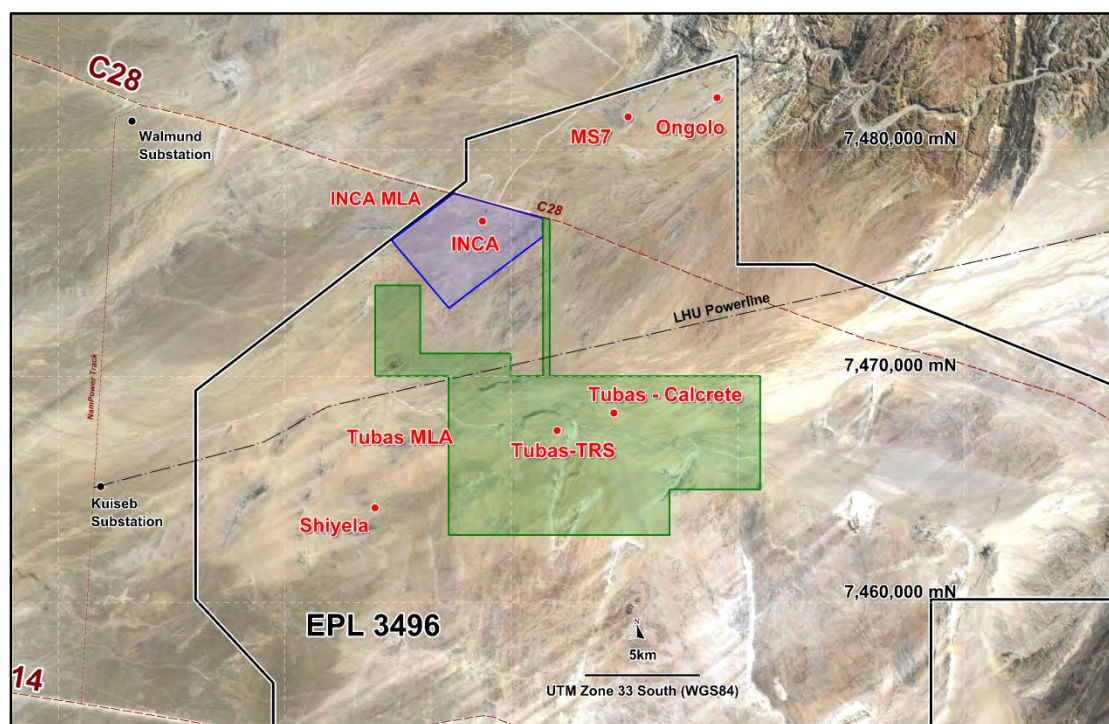


Figure 11 Location of the Tubas Red Sand Project on EPL 3496

3.5.2 Tubas Deposit Geology and Mineralisation

The Tubas Red Sand resource area is dominated by surficial sediments and more recent sediments belonging to the westerly flowing Tubas River drainage. Swakop Group carbonates, red granites and Proterozoic gneisses outcrop/subcrop along the southwestern parts of the resource area.

Mineralisation at Tubas consists of secondary uranium mineralisation (carnotite) in well-sorted aeolian sand. Carnotite mineralisation can be seen disseminated throughout the sand (Figure 12), primarily forming the matrix of the sand horizon and also associated with a finer clay fraction that also acts as a matrix to the sand. Distribution of carnotite occurs as blebs and blotches or it may be finely distributed throughout the sand as a uniform dusting causing a slight yellow discolouration. The sand has no obvious internal structure and is most likely a buried dune or meander bank deposit.

A calcrete horizon forms the natural footwall to the sand unit and is generally not well mineralised. The hanging wall to the sand is generally defined by gypcrete and calcrete along with the more recent gravels associated with the present-day Tubas River drainage. Generally uranium mineralisation occurs from 1 m to 2 m below surface to a depth of approximately 15 m. The water table has been found to be variable and is estimated to be at approximately 10 m to 30 m depth.



Figure 12 Tubas Red Sand Project - Carnotite cementing red sand

3.5.3 Tubas Red Sand Mineral Resources

3.5.3.1 Geomine 2007 Tubas Palaeochannel Mineral Resource Estimate

Initial modelling of Mineral Resources at Tubas was completed by Geomine Consulting Namibia cc (Geomine) in 2007 and was based primarily upon extensive drilling completed by AAPS from the 1970's and early 1980's. The drilling and modelling was completed over the Tubas Palaeochannel within a 14 x 8 km portion of the channel system which contains widespread carnotite mineralisation.

The dataset used by Geomine for the estimation of Mineral Resources was obtained from data files submitted to the MME by AAPS, and was therefore based solely upon historical drilling data. Estimates were based upon a simplified area of influence polygon method using uranium grades based upon assay results. Geomine reported a range of Mineral Resource estimates by reporting above a range of lower cut off grades of between 50ppm and 200ppm U_2O_8 . The Mineral Resource estimate as reported by Deep Yellow to the ASX in November 2007 totalled 77.3Mt at 228ppm U_3O_8 for 38.8 Mlbs U_3O_8 reported above a cut-off grade of 100 ppm and classified in the Inferred Category.

In parallel with the Mineral Resource estimation process and in order to obtain information to supplement the Geomine resource estimate, a program of RC drilling was completed by RUN over part of the AAPS Resource area, and centred upon the main Tubas palaeochannel. It was this drilling which identified highly mineralised fine-grained red sand which was then termed the Tubas Red Sand deposit.

3.5.3.2 MSA 2010 TRS Mineral Resource Estimate

Following on from the initial Geomine Mineral Resource estimate, and the successful intersection of highly mineralised red sand at the newly defined Tubas Red Sand deposit, RUN completed a systematic RC drilling program followed by a high density Air Core (“AC”) drilling program. A trenching program was also completed which was centred upon previous high grade intercepts.

The RC drilling programme was aimed at validating AAPS drilling with 356 holes for a total of 9917m completed. This was followed by the high density AC drilling with 718 holes for a total of 8492m completed focused on the TRS Project. A 20m long, 10m deep trench was excavated and sampled in order to delineate and understand the controls and style of uranium mineralisation.

In April 2010 RUN commissioned the MSA Group to complete a Mineral Resource estimate in accordance with JORC guidelines on the Tubas Red Sand deposit. The modelling and Mineral Resource estimate was based upon data generated from RUN’s own drilling and trenching campaigns (black area in western portion of Resource Area Figure 12) completed in 2007 and 2008 only, with data from the AAPS drilling excluded from the study. The resource area was defined by RUN (Figure 14).

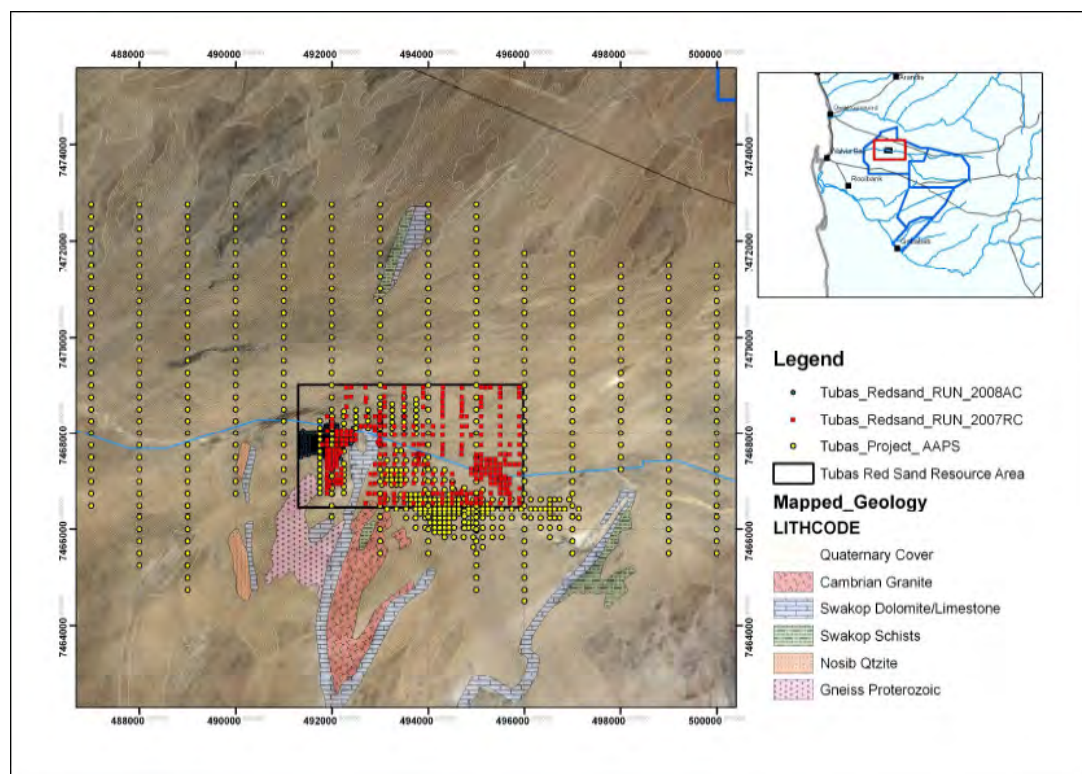


Figure 13 RUN drilling 2007 and 2008 at the Tubas Red Sand Project and outline of 2010 Resource area

The MSA Mineral Resource estimate for the TRS deposit was announced to the ASX on 22 April 2010 as per Table 6.

Table 6. April 2010 Tubas Red Sand deposit Mineral Resource estimate

Category	Cut-Off Grade	Tonnes	Grade (eU3O8 ppm)	Mlbs (eU3O8)	Tonnes (eU3O8)
TUBAS RED SAND WEST					
Measured/Indicated	>100	3,172,500	168	1,172,668	532
TUBAS RED SAND EAST					
Inferred	>100	10,674,200	158	3,710,600	1,685
TOTAL		13,846,700	160	4,883,268	2,217

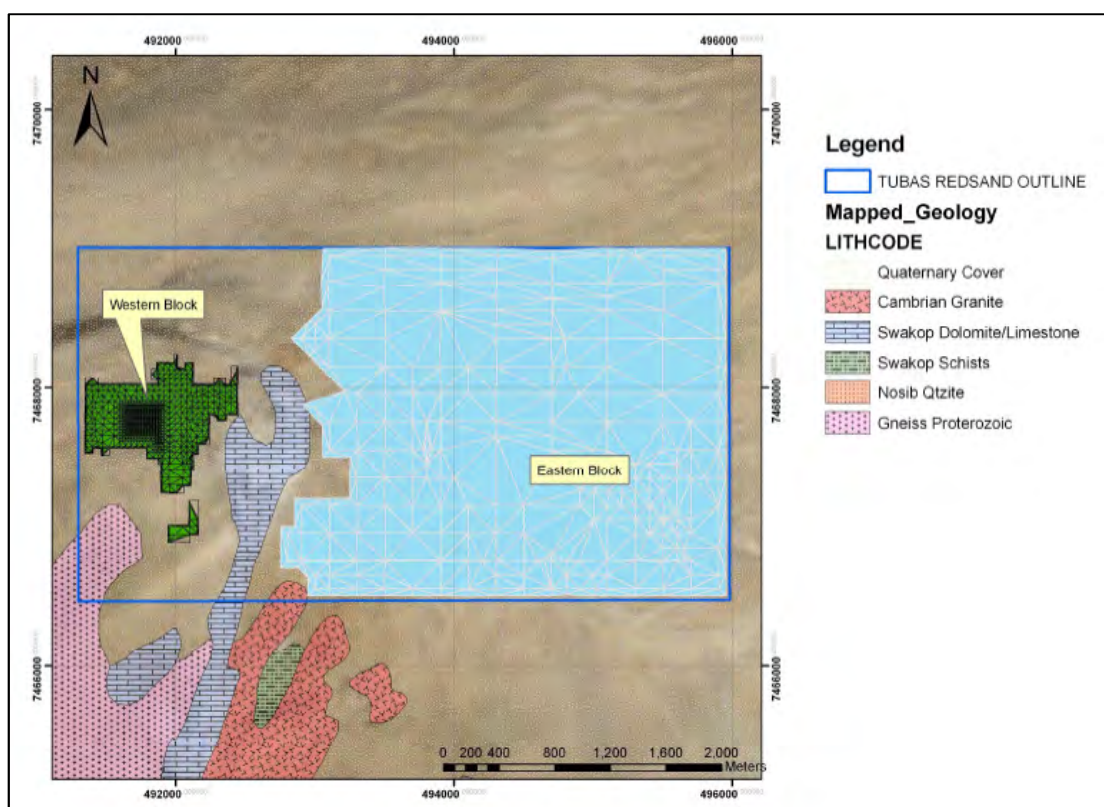


Figure 14 Location of Western and Eastern Blocks – April 2010 Mineral Resource estimate

MSA stated that the mineral resource estimate for the TRS deposit was considered initial as the style of mineralisation had been encountered in numerous boreholes outside the current TRS Mineral Resource area. These results suggest that mineralised red sands occur adjacent to and may potentially flank the mineralised Tubas-Oryx palaeochannel system which stretches some 30 kilometres across RUN's EPL3496 (MSA, 2010).

MSA also stated that the justification for the lower cut-off grade (100ppm) of the TRS deposit was based on unique aspects of the deposit. Firstly, the deposit is very near surface, with only minimal cover of wind-blown materials and gravel-gypcrete-calcrete of 1-2 metres. Secondly, TRS is predominately free-flowing to loosely consolidated sandy material, which

combination makes the deposit amenable to simple and low cost mining techniques. Thirdly, TRS material responds positively to relatively simple physical beneficiation; that being attrition scrubbing with balls followed by screening (MSA, 2010).

3.5.3.3 Geomine 2012 TRS Mineral Resource Estimate

Following the successful completion of metallurgical testwork in 2007, and significant results from a beneficiation pilot plant supplied by a German company Schauenburg MAB GmbH ("Schauenburg") in September 2011, it was demonstrated that mineralisation from TRS could be readily and economically upgraded. These results demonstrated the cost effective processing of lower grades allowed for an increase of the available resource which could be economically beneficiated with the Schauenburg process.

These testwork results also presented an opportunity to re-estimate and increase the size of the previous 4.9Mlb Mineral Resource as estimated by MSA in April 2010.

On 28 February 2012 Deep Yellow announced a significant increase in the Mineral Resource estimate for the TRS of 87 Mt at 148 ppm U_3O_8 for 28.4 Mlbs of U_3O_8 reported above a cut-off of 70 ppm U_3O_8 and classified in the Inferred category in accordance with JORC guidelines. This Mineral Resource estimate was completed by Geomine and was based upon carnotite mineralisation within the 2010 Tubas Resource area (Figure 13) as well as mineralisation identified within the Tubas-Tumas palaeochannel within red sands which would be suitable for physical beneficiation and upgrading via the Schauenburg process. This mineralisation is now classified as part of the TRS project and is considered separately to the remainder of the Tubas Mineral Resource where carnotite mineralisation is contained within calcrete and not amenable to upgrade via the Schauenburg process.

The classification of mineralisation was based upon an interrogation of geological drill logs from the Tubas dataset and differentiated between unconsolidated (free-dig) uraniferous sand and gravels and indurated calcrete-hosted uranium mineralisation. This allowed the Tubas deposit to be split into free dig material amenable to processing through a Schauenburg plant (the so called TRS deposit) and more typical calcrete hosted palaeochannel mineralisation.

The estimation method used by Geomine was a simplified area-of-influence polygon method using uranium grades based on assay results. The data set used for this resource determination was obtained from integrating the AAPS drillhole data used in the Geomine 2007 estimate, with the RUN drillhole data used in the MSA 2010 estimate. A bulk density of 1.8 t/m^3 , as determined by AAPS, was used in this estimate.

The cut-off grade for reporting of Mineral Resources involved a consideration of the testwork results which demonstrated that lower grade sand-type ores (below 150 ppm U_3O_8) could potentially be economically beneficiated. On this basis it was decided to set the Schauenburg plant feed grade at approximately 150 ppm, which is achieved at the 70 ppm U_3O_8 cut-off in Table 7.

Table 7. TRS Deposit – Schauenburg Grade-Tonnage figures

Cut-Off (ppm U₃O₈)	Resource Mt	Grade (ppm U₃O₈)
50	142.3	113
60	110.4	130
70	87.0	148
80	68.2	168
90	58.1	183
100	49.7	198
110	41.2	218
120	35.4	235
130	32.1	246
140	29.7	255
150	25.8	272
160	24.1	280
170	21.9	292
180	17.7	320
190	16.2	333
200	14.3	351

3.5.4 Tubas Red Sand Testwork and Potential Process Route

Initial metallurgical testwork was conducted by Mintek (South Africa) on composite mineralised samples collected from the trial mining trench completed in 2007 (Figure 15) within the TRS deposit. Results of the testwork indicated that the secondary carnotite mineralisation could be amenable to low cost beneficiation allowing lower grades of uranium to be economically mined. Deep Yellow commenced a pre-feasibility study in March 2010 into the development of the INCA and TRS deposits with SNC-Lavalin (“SNCL”) appointed as project engineers. Further testwork on the TRS deposit involved the purchase by RUN of a beneficiation pilot plant from Schauenburg with commissioning of this pilot plant in early 2011. Results from this pilot plant testwork (announced to the ASX in April 2011) were highly successful and demonstrated that mineralisation from TRS could be readily and economically upgraded. Key aspects of the initial testwork are as follows –

- over 80% of the uranium could be recovered in less than 20% of the feed mass;
- uranium content could be upgraded by as much as a factor of 6.9; and
- carbonate could be reduced by up to 86% giving lower acid consumption in the leach process.

Following on from these results, further improvements to the beneficiation process were announced by Deep Yellow in September 2011 with the following key results –

- Removal of slimes and ultra-fine particles prior to scrubbing and processing through the Schauenburg pilot plant could reduce power requirements and improves recoveries;
- improved uranium upgrade factor of 7.9, allowing the cost effective processing of lower grade sand;

Deep Yellow believe that these results demonstrate the potential for lower grade sand-type ores (below 150 ppm U_3O_8) to potentially be economically beneficiated. This would allow a reduction in the cut-off grade to around 60 ppm for the TRS deposit which would result in a significant increase in the resource base. The results of this testwork provided the basis for the re-estimation of the TRS Mineral Resource completed in January 2012 and detailed in the previous section.



Figure 15 Tubas Red Sand final trench profile

3.6 Tubas-Tumas Palaeochannel Project

3.6.1 Introduction and Project Area

The Tubas-Tumas palaeochannel is laterally extensive and covers approximately 80km in aggregate over EPL 3497 and EPL3496 (Figure 16). Following on from the updated Mineral Resource estimate for the Tubas Red Sand Project in February 2012, much of what had previously been referred to as the Tubas palaeochannel, has now been re-classified as Tubas-Sand. That portion of carnotite mineralisation which is associated with calcretes within the western part of the Tubas palaeochannel is classified as Tubas-Calcrete and included as part of the Tubas-Tumas Palaeochannel Project.

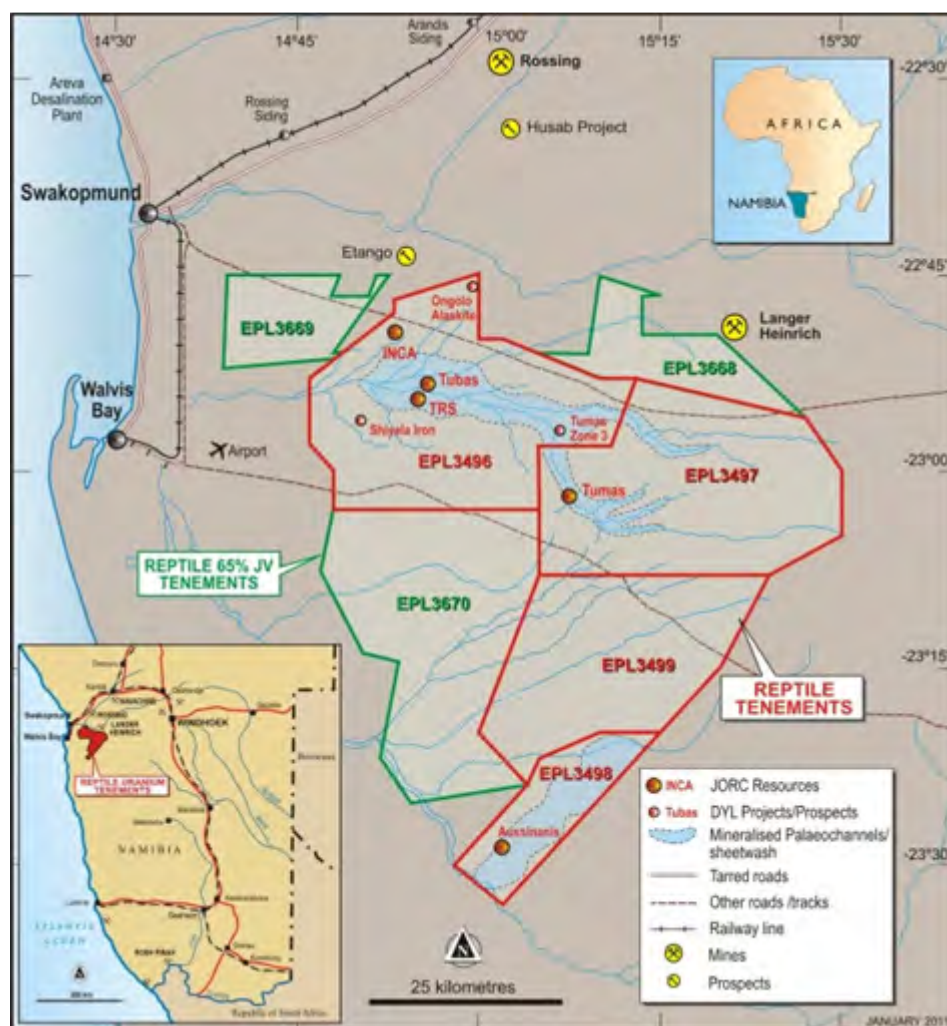


Figure 16 Palaeochannel project locations

The Tumas Project is located within the eastern part of the Tubas-Tumas palaeochannel and is primarily divided into the Tumas and Tumas 3 zones (Figure 17) where Mineral Resources have been estimated.

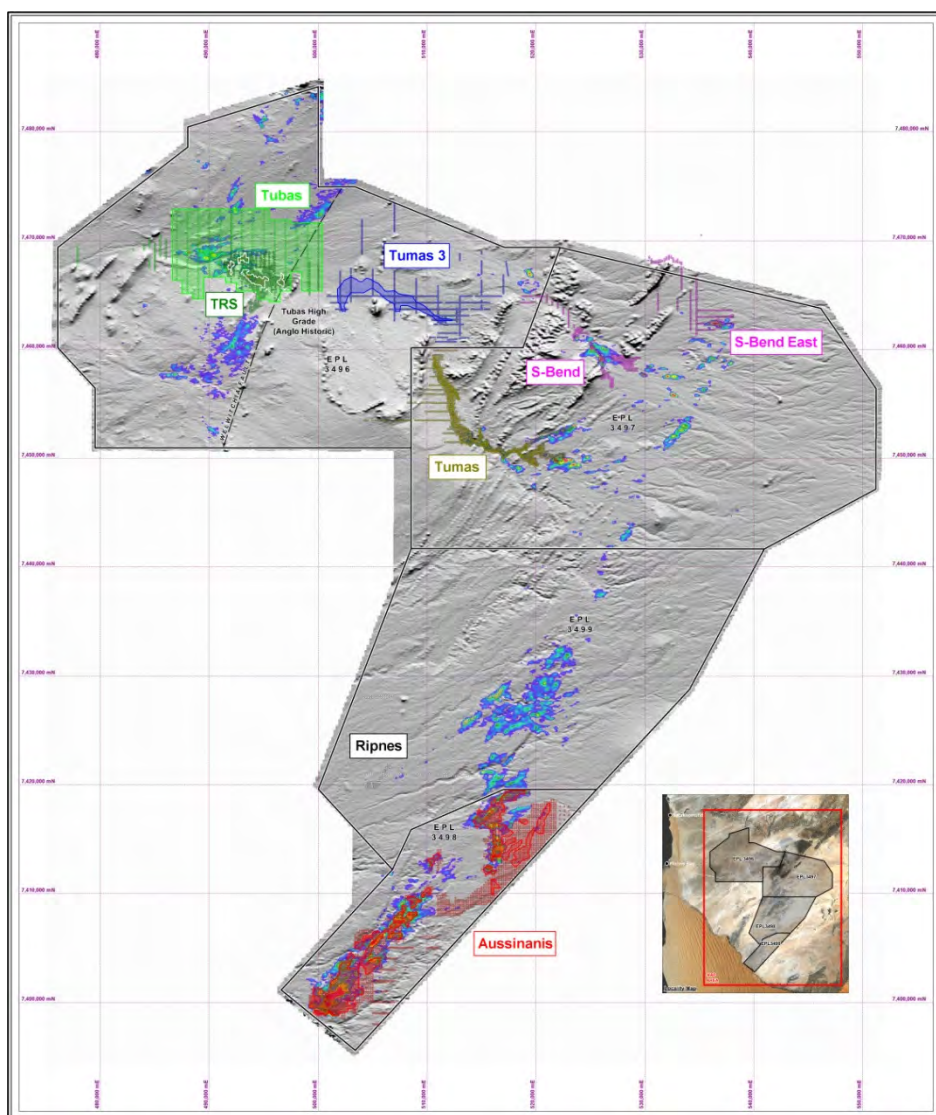


Figure 17 Digital Elevation Model overlain by U^2/Th anomalies showing outline of JORC Compliant palaeochannel resources at Tubas, TRS, Tumas and Aussinanis

3.6.2 Tubas-Tumas Deposit Geology and Mineralisation

The Tumas valley is in excess of 40 metre deep, with rock types occupying the paleovalley consisting of red sand or sandstone, grits, conglomerates, gypsum, and calcrete. Red sands occur up to 10 metres below the surface with calcretes containing loosely consolidated grits and gravels present below the red sands. Uranium mineralisation in the Tumas River drainage is dominantly associated with red sands but values in excess of 100ppm have also been recorded from calcrete and gravel. Carnotite mineralisation can be seen as disseminated throughout the sand, primarily forming the matrix of the sand horizon and probably associated with a finer clay fraction that also acts as a matrix to the sand. Gypcrete and calcrete and more recent gravel deposits lie above the sand where it is not outcropping. Smaller feeder channels and oxbow structures identified in the aeromagnetic data are

thought to be suitable for trapping organic matter and may become suitable chemical traps for secondary uranium mineralisation.

Tumas mineralisation occurs as secondary carnotite enrichment of a variably calcretised palaeochannel and sheetwash sediments, and adjacent weathered bedrock.

Recent acquisition of airborne electromagnetic survey data has allowed RUN to delineate existing paleochannels which may then be targeted as potential hosts for uranium mineralisation.

3.6.3 Tumas Mineral Resources

RUN subdivide the Tumas mineralised area into three zones, comprising Tumas 1 in the southeast and Tumas 2 in the northwest of the main deposit area respectively and Tumas 3 which lies around 4 kilometres to the north of Tumas 2 has in the past been referred to as the Oryx Project.

In October 2010, Hellman & Schofield Pty Ltd ("H&S") completed an update of Mineral Resource estimates for the Tumas 1 and Tumas 2 areas.

They estimated in accordance with JORC guidelines Indicated and Inferred Mineral Resources of 14.8Mt at 366 ppm U_3O_8 for 11.9Mlbs U_3O_8 reported above a cut-off grade of 200ppm U_3O_8 .

Tumas 1 and 2 resources were estimated by MIK with block support correction and reflect open cut mining selectivity. The estimation methodology is comparable to Langer Heinrich resource estimates as reported by Paladin Energy Ltd.

Mineralisation domains were used to interpret continuous zones of mineralisation above 50 ppm U_3O_8 . The combined Tumas Zones 1 and 2 included in the resource estimate had a combined strike length of approximately 16 kilometres with an average width of around 400 metres and extended to a maximum depth of 47 metres.

The combined Tumas area has been sampled by 5,956 RC holes drilled by RUN between 2008 and 2010 for a total of 112,281 metres of drilling. The generally east-west striking Tumas 1 mineralisation has been sampled on a consistent, staggered 50 by 50 metre pattern giving an along strike spacing of approximately 100 metres between drill holes. The north-south trending Tumas 2 mineralisation is sampled on a 50 by 50 metre square grid with some infilling to a 25 by 50 metre pattern generally along the margins of the mineralised zones. The Tumas 1 and Tumas 2 areas are now referred to as the Tumas Project.

Estimates for mineralisation tested by consistently 50 by 50 metre spaced drilling are classified as Indicated and all other estimates are classified as Inferred.

3.6.4 Tumas 3 – Oryx Prospect

The Tumas 3 drill data was also evaluated by H&S but due to broadly and irregularly spaced lines of drillholes, the mineralisation was determined to be too poorly defined for inclusion in the resource estimates. However when combined with geophysical survey results, the drill results provide an indication of the orientation and extent of the mineralised

zone. Consequently a conceptual exploration target range for Tumas 3 has been estimated of 10 to 30 million tonnes at a grade of 300 to 400 ppm U_3O_8 at a 200 ppm cut-off, although it is uncertain if future exploration will result in the determination of a Mineral Resource over the entire Tumas 3 channel.

In November 2010, follow-up infill drilling at the Oryx Prospect in the Tumas 3 palaeochannel identified high-grade uranium mineralisation in the basement rocks beneath the palaeochannel; mineralised Red Sand adjacent to the channel similar to the Tubas Red Sand deposit material, as well as additional high-grade mineralisation within the palaeochannel.

Results from this drilling were significant and included;

- High-grade basement-hosted secondary uranium mineralisation in drillhole ORXR1 returning a mineralised intercept of 47 metres at 830 ppm U_3O_8 from 29 metres depth
- Reverse Circulation infill drilling around ORXR1 also identified Red Sand hosted mineralisation with drillhole ORXR37 intercepting 8 metres at 516 ppm U_3O_8 from 5 metres depth

The intersection of mineralised Red Sand within ORXR37 is considered significant as it is located approximately 20 km east of the current TRS deposit and demonstrates that mineralised Red Sand is not restricted to a single area of the palaeochannel. The Red Sand mineralisation encountered at Oryx (Figure 18) is consistent with mineralisation at the TRS deposit and confirms the possible extent of this style of uranium mineralisation over 10's of kilometres of the main Tubas-Tumas palaeochannel system.

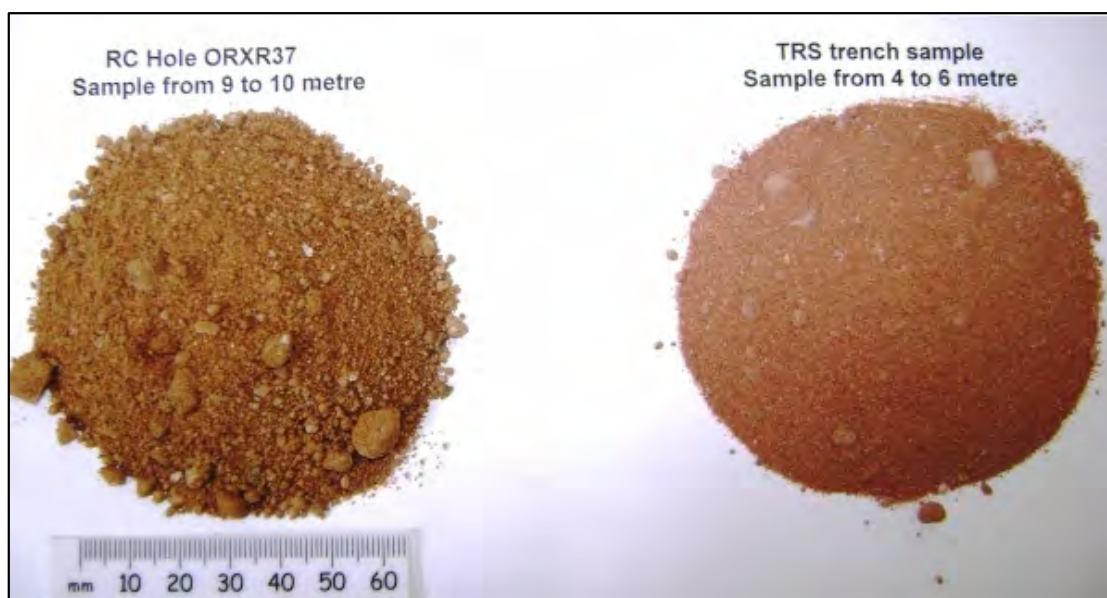


Figure 18 Comparison of Oryx Red Sand with Tubas Red Sand (TRS)

3.7 Aussinanis Palaeochannel Project

3.7.1 Introduction and Project Area

The Aussinanis Project is located within EPL 3498 and encompasses the greater part of the licence area (Figures 15 & 16).

3.7.2 Aussinanis Project Geology and Mineralisation

Mineralisation occurs as secondary carnotite enrichment of a variably calcretised palaeochannel and sheetwash sediments and adjacent weathered bedrock within a northeast trending zone approximately 29 kilometres in length. Mineralisation commonly outcrops but is generally overlain by an average thickness 1.7 metres of poorly mineralised material. The mineralised sand ranges in thickness from 1 to 19 metres and averages approximately 4.4 metres.

3.7.3 Aussinanis Mineral Resources

In May 2010 Hellman & Schofield Pty Ltd was commissioned by RUN to estimate mineral resources for the Aussinanis deposit.

The estimate included data for 3,922 RC holes drilled during 2008 for a total of 42,956 metres. For most of the deposit, drill hole spacing averages around 200 by 200 metres, with local irregular infill drilling and areas of considerably broader spacing. An area around 2 km east-west by 1.5 km north-south in the southwest of the resource area has been tested by consistently 50 by 50 metre spaced drilling.

Resources were estimated by MIK with block support correction and reflect open cut mining selectivity. Estimates for mineralisation tested by consistently 50 by 50 metre spaced drilling are classified as Indicated and all other estimates are classified as Inferred.

Table 8. Aussinanis Project Mineral Resources

Deposit	Category	Cut-off (ppm U3O8)	Tonnes (M)	U3O8 (ppm)	U3O8 (t)	U3O8 (Mlb)
Aussinanis Project						
Aussinanis	Indicated	150	5.6	222	1,243	2.7
Aussinanis	Inferred	150	29	240	6,960	15.3
Aussinanis Project Total			34.6	237	8,203	18.0

3.8 Shiyela Iron Project

3.8.1 Introduction and Project Area

The Shiyela Iron Project is located within EPL 3496 and 45 km by road from Walvis Bay (Figure 19).

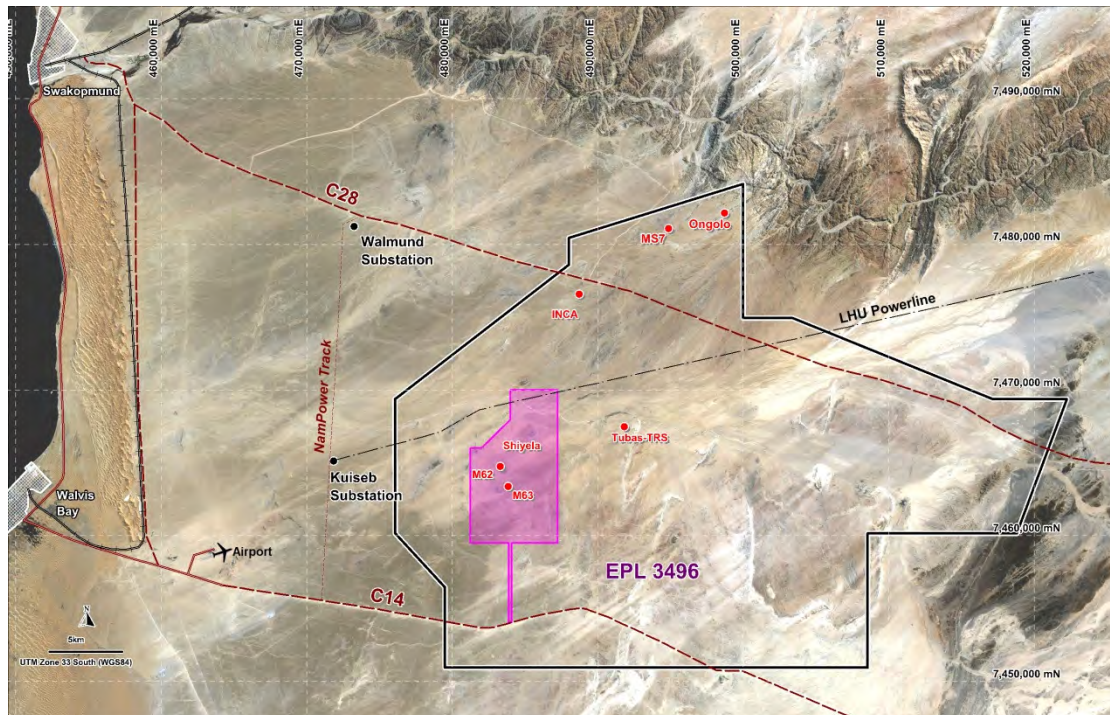


Figure 19 Location of Shiyela Iron Project within EPL 3496

In 2008 RUN identified a substantial area of magnetite mineralisation on EPL 3496 when an iron-oxide-copper-gold-uranium target returned a 340 metre magnetite rich drill intercept from near surface.

Initial metallurgical testwork on the 2008 drill core returned a high-grade magnetite concentrate assaying 70% Fe with very low silica content and no deleterious elements (Al_2O_3 , P, S).

In 2010 following an internal review, a decision was taken to drill test two magnetic anomalies (M62 and M63) at Shiyela (Figure 20). The review recognised that if these anomalies proved to be significant magnetite deposits, a mining operation would have a number of natural competitive advantages as follows –

- Infrastructure advantage being located 45 km by road from Walvis Bay deep sea port;
- 10 km from the main C14 road that leads to Walvis Bay;
- 10 km from the Kuiseb electricity substation which currently supplies Langer Heinrich Uranium Mine;
- Potential source of water in the Tubas channel to the north of the project area;
- Exploration upside associated with a regional aeromagnetic anomaly of 20 km strike
- Potential to produce a high quality concentrate as the magnetite ore could be readily upgraded by magnetic separation.

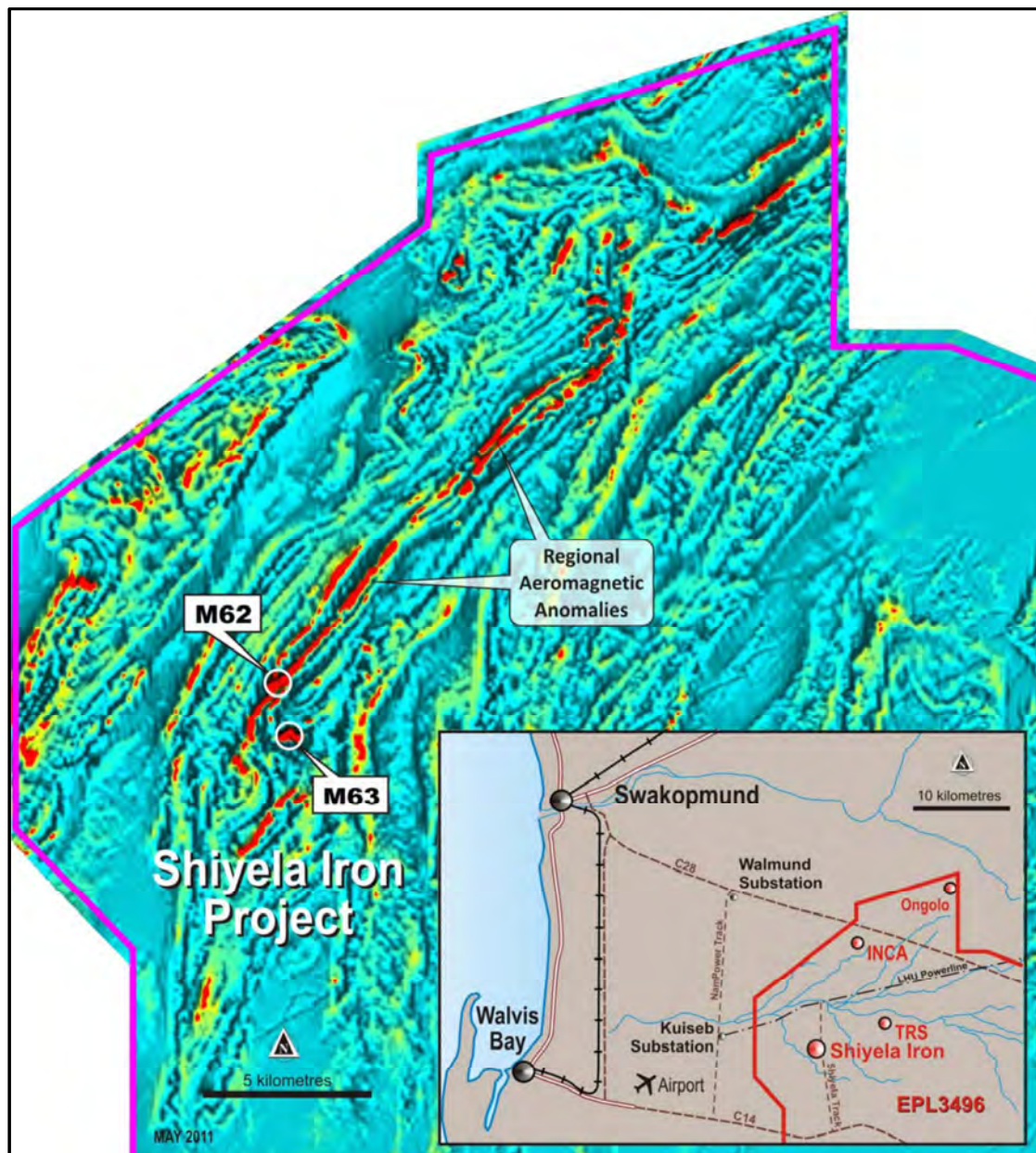


Figure 20 Aeromagnetics over Shiyela Iron Project with inset showing project location and infrastructure.

The first phase of exploration commenced in mid-2010, with the objective of identifying an initial resource of 120 to 150 million tonnes containing 20 to 25% magnetite to 200 metres vertical depth.

The exploration programme, which was completed in mid-2011, confirmed strongly mineralised zones in both M62 and M63 deposits with a hematite fraction in addition to the main magnetite mineralisation. The M62 deposit was drilled along strike for almost a kilometre and over a maximum width of 500 metres and to a vertical depth of just over 300 metres. The M63 deposit has a strike length of over 800 metres with a width of 500 metres and has been drilled down to a maximum vertical depth of approximately 300 metres. Both deposits are open to depth and limited reconnaissance drilling has confirmed lateral

extensions to M62. The geophysical signature of the main zone of magnetic anomalism that hosts M62 is some 20 kilometres long and has yet to be drill tested for additional resource potential (Figure 20).

3.8.2 Shiyela Iron Deposit Geology and Mineralisation

Magnetite mineralisation at both deposits is hosted by a mixture of coarse grained magnetite quartz rock and fine grained quartz-biotite gneiss with smaller lower grade mineralised zones of fine grained magnetic granitised gneiss (Figure 21). The magnetite mineralisation is interpreted to be of syn-sedimentary origin, with massive magnetite related to remobilisation by contact metamorphism proximal to granite/pegmatite intrusives. Fine grained magnetite in migmatitic quartz-biotite-magnetite gneiss may also represent original deposits that have been subjected to lower grade metamorphism.

Mineralisation resides in tectonic layering – steeply dipping and regionally (and locally) folded. At M62 layering dips at about 45 degrees to the west and strikes approximately 030 degrees. At M63 layering is sub-vertical and strikes approximately east-west although modified by steep plunging folds in part.



Figure 21 Medium to coarse-grained dark grey magnetite bands at 23 metres depth (Hole SHID4) M63 Deposit

The resource drill out which included geotechnical core drilling and reconnaissance RC drilling totalled 202 RC holes for 36,277 metres and 8 diamond holes for 2,196 metres drilled over the two deposits M62 and M63. A total of 141 holes were used in generating the wire frame models for both deposits. Davis Tube Recovery (“DTR”) results from 1,699 four metre composite samples were used in the estimate.

3.8.3 Shiyela Iron Mineral Resources

Golder Associates Pty Ltd ("Golder") completed a maiden Mineral Resource estimate in accordance with JORC guidelines for Shiyela in December 2011 and reported an Inferred Mineral Resource of 78.7 Mt at 18.88% Fe at 10% Davis Tube Recovery cut-off for the M62 and M63 magnetite deposits with an average DTR magnetite content of 16.17% (Table 9).

Table 9. Shiyela Iron Mineral Resource estimate December 2011

Deposit	Category	Cut-off (DTR%)	Tonnes (M)	DTR (%)	Fe (%)
Shiyela Iron Project					
M62 - Fresh	Inferred	10	40.2	17.12	17.02
M62 - Oxide	Inferred	10	3.5	15.46	18.13
Total			43.7	16.99	17.11
M63 - Fresh	Inferred	10	34.8	15.15	21.10
M63 - Oxide	Inferred	10	0.2	16.16	18.87
Total			35.0	15.16	21.09
Total – Shiyela Iron Project			78.7	16.17	18.88
Total Fresh			75.0	16.21	18.91
Total Oxide			3.7	15.50	18.17
TOTAL RESOURCES			78.7	16.17	18.88
Notes: Figures have been rounded and totals may reflect small rounding errors Resource Estimation using a 10% DTR Wt% cut-off. Fe% - head assay of composited drill samples					

Weathering units and mineralisation domains using a 10% DTR cut-off grade for M63 and a 5% DTR cut-off grade for M62 were interpreted and modelled in three dimensions by Golder. The domains were used to flag the sample data for statistical analysis and to limit the resource estimation.

Statistical and geostatistical analysis was carried out on drilling data composited to 4 metres downhole. This included variography to model spatial continuity relationships in the geological domains.

The Ordinary Kriging (OK) interpolation method was used for the estimation of DTR, magnetic susceptibility (magsus) and Fe₂O₃, using variogram parameters defined from the geostatistical analysis.

Dry bulk density was assigned to each of the geological domains. The dry bulk densities were based on 211 determinations from two diamond drill holes (SHID2 and SHID4).

Notwithstanding the 100 x 50 metre drill pattern the resource is classified as Inferred pending completion of outstanding multi-element analysis on concentrate from DTR

testwork which ultimately will be used to evaluate the overall quality of the magnetite concentrate product.

3.8.4 Shiyela Iron Testwork and Scoping Study

Two phases of testwork have been completed by ProMet Engineers Pty Ltd (“ProMet”). The first program which was reported by Deep Yellow in February 2011 was conducted upon three 50 kg samples submitted to ALS Amtec and consisted of the following –

- Davis Tube Recovery Testwork ;
- Optimum grinding curve and tailings rejection assessment;
- Coarse Dry Magnetic Separation on each of the samples; and
- Crushing Work Index, Bond Work Index, Abrasion Index and Unconfined Compressive Strength.

Results of the testwork determined that metallurgical properties of the Shiyela magnetite included –

- Good metallurgical characteristics with low silica and low deleterious elements;
- Three ore types that are all considered to be coarse grained with the potential to produce good quality products; and
- Ore that could be beneficiated at the mine site by Dry Magnetic Separation (“DMS”).

Phase 2 of the testwork was conducted by ProMet on 450kg of composited drill core from M62 and M63 and was reported by Deep Yellow in October 2011. Key results from this testwork was as follows –

- Potential for a coarse grained (with 80% passing -150 micron (μ)) high quality Blast Furnace grade clean concentrate;
- The 69% Fe magnetite concentrate, with around 1.5% silica (@ 45 μ), has very low deleterious elements which should attract a premium price (Table 10);
- Weight recovery of between 18% and 32%;
- The potential for capital cost and energy consumption to be comparatively low as a result of the coarse grained concentrate, with estimated plant CAPEX at approximately US\$100 per annual tonne of product.

Table 10. Davis Tube Recovery – magnetite concentrate characteristics (45 μ)

Fe	SiO ₂	Al ₂ O ₃	P	S	LOI
69.70	1.66	0.99	0.005	0.073	-3.23

The positive results from these testwork programmes led to a decision to go ahead with a Scoping Study, the results of which were announced on 25 January 2012.

The Scoping Study was based on the Shiyela Maiden Inferred Mineral Resource of 78.7Mt at 18.88% Fe for the M62 and M63 deposits as estimated by Golder in December 2011. The

Scoping study envisaged that an open pit contract mining operation would extract 7.7Mtpa ROM ore to produce 2Mtpa of high grade magnetite and hematite concentrate, at 68% Fe with a low silica content of approximately 4.5% and low levels of impurities (sulphur, phosphorous and alumina). An average 26.1% weight recovery was assumed based on testwork already completed (7.1% higher than the pure magnetite option).

The Scoping Study concluded that the Shiyela Project had the potential for a financially robust operation with key aspects of the study as follows –

- Base Case capital costs of US\$467 million and operating costs US\$77.40 per tonne of concentrate FOB for a 2Mtpa operation;
- Concept design includes a hematite circuit to produce a blended magnetite-hematite concentrate;
- Study was based on mining 7.7Mtpa ore to produce 2Mtpa of concentrate and an assumed 2.5:1 waste to ore stripping ratio;
- Plant capital cost is US\$268 million, the remainder made up of mining-related capex and infrastructure;
- Initial design based on magnetite only; improved by the addition of a hematite flotation circuit which increases recovery and reduces estimated operating costs; and
- The resource database is being reassessed to incorporate low magnetite – high hematite material (initially considered waste) as potential ore grade material.

ProMet concluded that the ore is low weight recovery at approximately 20% however the magnetite is coarse grained so that a blast furnace grade concentrate can be produced at 80% passing (P80) 150 micron which substantially decreases the power required compared to conventional banded iron formations which normally require grinding to P80 45 micron.

ProMet have commenced a testwork programme on existing material to evaluate the quality of the hematite product that could be recovered and added to the magnetite concentrate.

A large diameter diamond drilling programme (PQ – 85 mm) has been completed to provide core for the next phase of metallurgical testwork to be conducted by ProMet, as a part of a planned Feasibility Study. The programme comprised 3 holes at both the M62 and the M63 deposits for approximately 1,000 metres of PQ core to generate some 16 tonnes of mineralised material (+10% DTR). Currently designated ‘waste’ intervals with low DTR (<10%) but with high Fe will also be evaluated to assess hematite recovery.

It is also planned to conduct further assaying of the Davis Tube Concentrates (DTC) from the original DTR work to provide confidence in the quality of the product, thereby enhancing the confidence of the Shiyela resource which should allow the Inferred Resource to be re-classified as an Indicated Resource.

3.9 Nova Energy Joint Venture Projects

3.9.1 Introduction and Project Area

In May 2009 Toro Energy Ltd (“Toro”) and Deep Yellow announced that they had entered into a Joint Venture (“JV”) whereby Deep Yellow, through its wholly-owned subsidiary RUN, would be entitled to earn a 65% share in three EPLs (Figure 22) held by Toro’s Namibian subsidiary, Nova Energy (Namibia) (Pty) Ltd (“Nova”), by spending A\$3.5 million over 2½ years. RUN completed its earn-in requirement in April 2011 and now holds 65% with Toro retaining 25% and a Namibian company, Sixzone Investments (Pty) Ltd, holding a 10% share.



Figure 22 Location of Nova Energy Joint Venture EPL's

3.9.2 Nova JV Exploration

Although Nova’s EPLs do not contain any known uranium prospects, their location immediately adjacent to RUN’S uranium tenements and to other significant uranium projects and mines make them prospective for alaskite, magnetite skarn and secondary palaeochannel uranium mineralisation.

RUN entered into an agreement in 2009 with Geotech Airborne Limited to undertake a helicopter-borne electromagnetic, radiometric and magnetic geophysical survey for approximately 6,087 line-kilometres over EPL 3669 and EPL 3670. The survey areas were mostly sand covered and the survey was primarily aimed at 'mapping out' prospective lithologies and conductive zones similar to those hosting the INCA uraniferous magnetite discovery made by RUN and to the stratigraphy hosting Extract Resources' Rossing South discovery further to the north.

Initial interpretation of the various datasets was completed by Geotech in March 2010. RC drilling commenced in December 2009 along the northern boundary of EPL 3668 (Gawib West) immediately to the southwest of the Langer Heinrich Mine (Figure 23). The drilling intersected deep palaeochannels, however it failed to return any significant uranium mineralisation. The east-west/north-south drill pattern essentially downgraded the possibility of locating uranium mineralisation in a downstream position from the Langer Heinrich deposit.

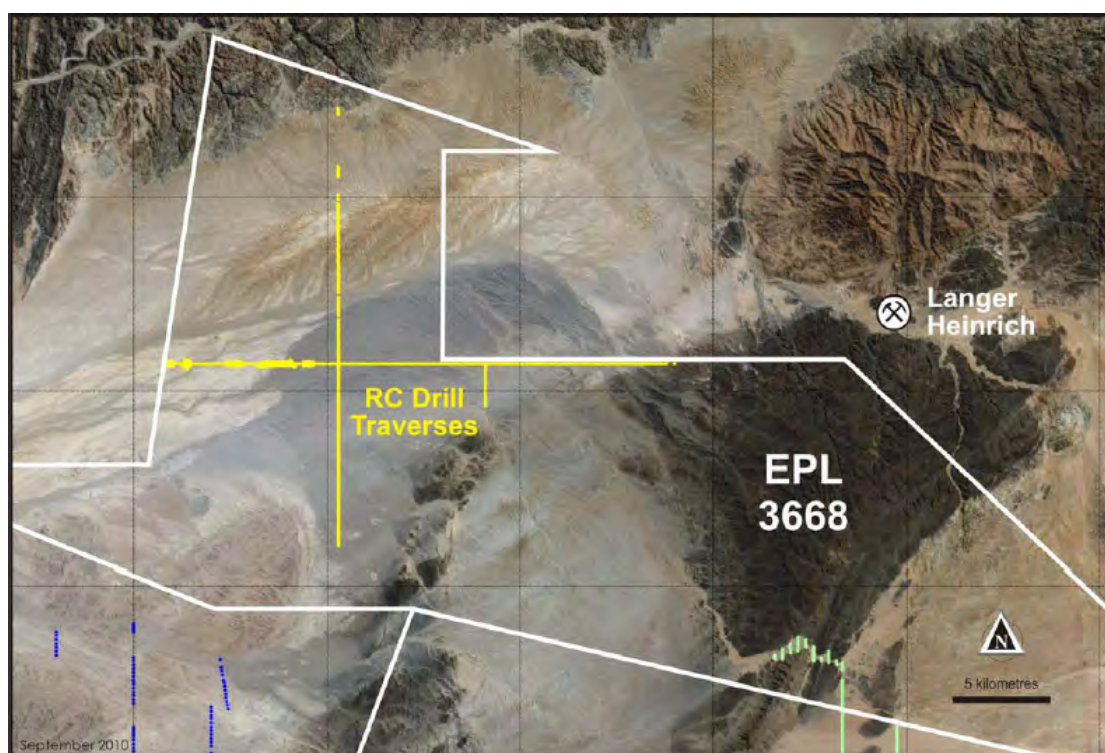


Figure 23 Nova JV – Gawib West EPL 3668 RC drill lines

Drilling within EPL 3669 was completed in May 2011 with 41 RC holes drilled for 6,834 metres at the Natango Prospect. The drilling was intended to evaluate the western strike extension of uranium mineralisation reported by Extract Resources at the Pizarro prospect, along with other targets related to low magnetic responses contained within a stratigraphic and structural corridor. All holes were gamma logged and anomalous zones assayed. Overall the drilling was disappointing with only holes NTNR16 and NTNR37 returning uranium grades in the range of 150 to 400 ppm U_3O_8 typical of the Alaskites in the district.

Within EPL 3670 exploration in June 2011 at the Chungochoab Prospect comprised 18 RC holes for a total of 2,735 metres. Mineralised intercepts were made in holes CHBR8 and CHBR9 however XRF analysis confirmed that the radioactivity present was due to Thorium.

4 Australian Projects

4.1 Introduction

Deep Yellow's uranium projects in Australia are focussed on the Mt Isa District in Queensland, and the Napperby Project in the Northern Territory where Mineral Resources have been estimated in accordance with JORC guidelines at both project areas.

4.2 Australian Uranium Exploration and Mining Legislation

At the national level of Australian politics, both the Federal Labor Party and the Federal Coalition parties support development of the uranium industry, however, the granting of licences to mine uranium is a decision made within the residual jurisdiction of each state government.

Uranium exploration and mining is permitted in South Australia, the Northern Territory and Western Australia. Uranium exploration alone is permitted in Queensland but mining is banned.

4.2.1 Queensland State Policy

To progress the currently defined uranium resources in the Mount Isa region to Mineral Reserve status will require a state government policy change from the former Labor Government in Queensland which would not grant companies licences to mine. The current Liberal-National Party supports development of the uranium industry.

4.2.2 Northern Territory Policy

The Labor Government of the Northern Territory supports existing mines and is receptive to new uranium projects, although this is qualified by the government's announcement on 28 September 2010 that it would not support mining of the Angela and Pamela deposits (Paladin / Cameco 50:50 JV) south of Alice Springs. Unlike Australian States, ownership of uranium where it occurs in the Northern Territory belongs to the Commonwealth under the Atomic Energy Act 1953. The Ranger mine (Energy Resources of Australia) is currently in operation in the Northern Territory where it operates under a Commonwealth authority to mine. New uranium mines will operate under Northern Territory mining legislation, but in the development and approval of a new uranium mine, the Northern Territory must act on the advice of the Commonwealth when setting the terms and conditions of a uranium mineral lease.

4.3 Deep Yellow Australian Joint Venture Agreements

Deep Yellow currently has an interest in four joint venture agreements covering exploration projects in the Northern Territory and Queensland as follows –

- On 18 January 2008 the Company agreed terms with Xstrata Copper Exploration Pty Ltd to acquire the uranium rights on six West Isa tenements by spending \$10,000,000 within 4 years of the commencement date;
- On 3 December 2008 the Company announced that a Heads of Agreement has been signed with Krucible Metals Ltd on the Pilgrim Joint Venture comprising EPM 15072 in North West Queensland. Krucible Metals Ltd can earn a 80% interest in the project by spending a minimum of \$400,000 over a period of four years;
- On 28 October 2009 the Company announced that the Joint Venture Agreement with Altona Mining Limited (formerly Universal Resources Limited), whereby the Company could earn an 80% interest in uranium and related products, has been finalised. The Company earned a 80% interest in EPM 14367 by expending in excess of \$250,000 on exploration by 31 December 2010
- On 13 July 2011 the Company announced that it had entered in a farm-in and joint venture agreement with Syndicated Metals Limited over four tenements near Mount Isa in Northwest Queensland. Syndicated Metals can earn up to 80% equity in the non-uranium mineral rights by spending a minimum of \$800,000 over a period of four years.

4.4 Queensland Uranium Properties

4.4.1 Introduction and Project Area

Deep Yellow's activities in Queensland are focussed on the Mount Isa District where it has both 100% owned tenements at the Prospector Gift, Isa North, and Yamamilla Project areas and joint venture tenements at the Isa West Project (Xstrata Copper Exploration Pty Ltd), and Altona Mining JV (Figure 22).

Deep Yellow have stated that their short to medium term strategic objective is to outline mineralisation amenable to open pit mining and aggregating 5,000 to 8,000 tonne (11Mlb to 18Mlb) of U_3O_8 as satellites to feed a future central plant in the Mount Isa area.

The Company's medium to long term target is to define 12,000 to 15,000 tonnes U_3O_8 from open pit at grades exceeding 400 ppm U_3O_8 and from underground reserves in excess of 1000 ppm U_3O_8 .

4.4.2 Queensland Project Tenure

EPMs 14281 and 14916 (Ewen and Yamamilla) were formerly the subject of a JV with Matrix Metals Ltd ("Matrix"). In November 2008 Matrix went into voluntary administration and its secured creditor appointed Receivers and Managers over its principal mining assets. In May 2009 DYL signed a Sale Agreement with the Receivers and Managers of Matrix to acquire EPM's 14916 and 14281 and EPM Application 17000 outright for \$1.4 million. Title to the tenements was transferred to DYL on 9 December 2009.

EPMs 15070 and 15072 (Prospector and Pilgrim) were acquired as part of the acquisition in January 2007 of Superior Uranium Pty Ltd.

Table 11. Queensland Tenement schedule

Tenement Number	Tenement Name	Interest	Grant Date	Expiry Date	Approximate Area km ²
EPM 14281 ^{#1}	Yamamilla	100%	07.07.05	06.07.15	217
EPM 14916 ^{#1}	Ewen	100%	15.05.06	14.04.11 ^{#3}	458
EPM 15070 ^{#1}	Prospector	100%	28.03.06	27.03.11 ^{#3}	125
EPM 15072 ^{#2}	Pilgrim	20%	28.03.06	27.03.11 ^{#3}	51
EPM 16533 ^{#1}	Crocodile Creek	100%	17.12.09	16.12.14	24
EPM 16534	Paroo Creek	100%	23.04.09	22.04.14	13
EPM 17716	Barkly South	100%	20.10.10	19.10.15	13
EPM 17967	Barkly	100%	24.01.11	23.01.16	35
EPM 18127	Leichhardt River	100%	28.02.11	27.02.16	58

^{#1} Syndicated Metals Ltd Joint Venture, ^{#2} Krucible Metals Ltd Joint Venture, ^{#3} Renewal Pending

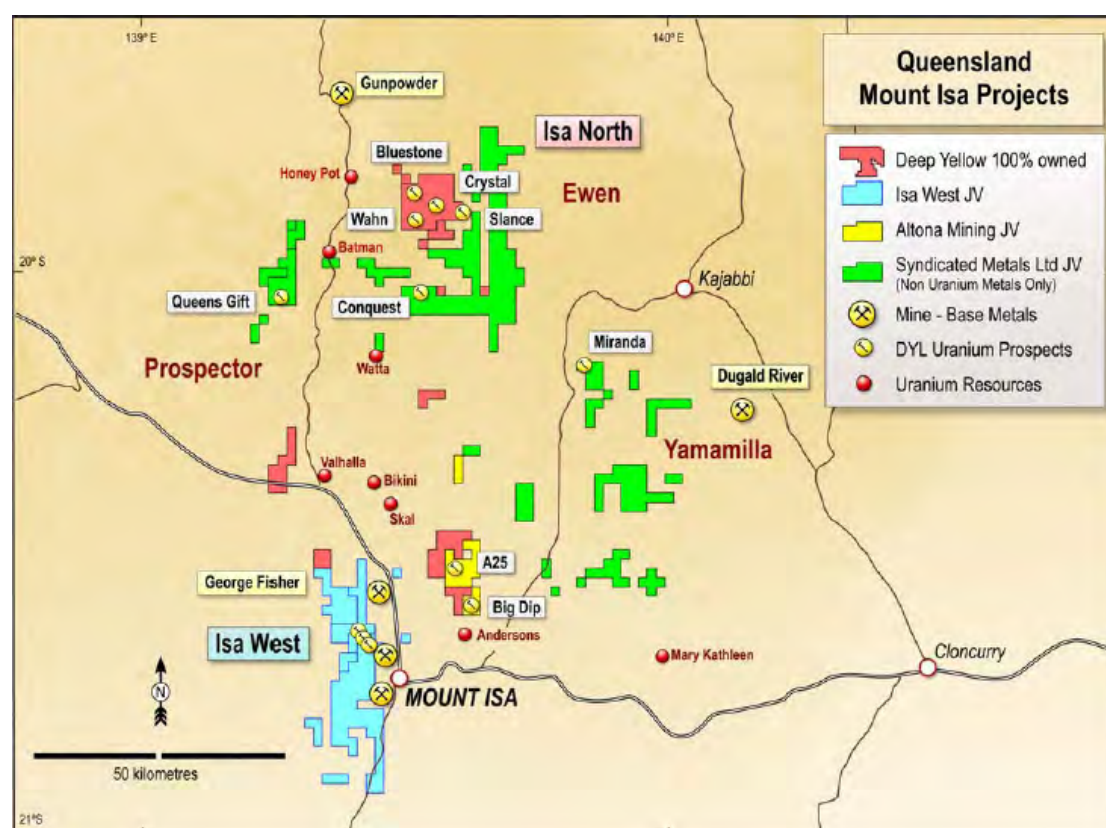


Figure 24 Mt Isa District Tenement Locations

4.4.3 Mt Isa Deposit Geology and Mineralisation

Mineralisation at the Queens Gift prospect on EPM 15070 (Prospector tenement) is hosted by hematite altered basalts with quartz-breccia zones locally developed through the alteration zone. This style of mineralisation is common within the Mt Isa district with the best example being Summit Resources Ltd's Valhalla uranium deposit.

Within EPM 14916 at the Ewen prospect uranium mineralisation at the various prospects is hosted by basalts and siltstones of the Eastern Creek Volcanics sequence which hosts both the Queens Gift and the Valhalla uranium deposits. Mineralisation is associated with intense haematite alteration with weak to intense breccia development.

Within EPM 14281, (Yamamilla) uranium mineralisation is hosted by chloritic shear zones developed through granite.

At the Isa West Project uranium mineralisation is hosted by weakly to moderately, albite-hematite-magnetite altered amphibolite as intersected in drilling.

4.4.4 Mt Isa Mineral Resources

An initial Mineral Resource for the Mt Isa Projects was completed by Coffey Mining ("Coffey") in January 2010. Separate Ordinary Kriged (OK) estimates were undertaken for the Bambino, Eldorado and Thanksgiving Prospects from within the Isa West Project Area, the Queens Gift Prospect from within the Prospector Gift Project Area, and the Slance North-East and Slance North-West prospects from within the Ewen prospect.

Indicated and Inferred Mineral Resources reported above a 300 ppm U_3O_8 cut-off totalled 3.6 Mt at 420 ppm U_3O_8 for 3.4 Mlbs of U_3O_8 . Using a 200 ppm U_3O_8 cut-off increased the resource to 7.3 Mt at 340 ppm U_3O_8 for 5.4 Mlbs U_3O_8 indicating the potential for upside with decreased operating costs, beneficiation and/or increased uranium prices.

Following the results of this initial Mineral Resource estimate Deep Yellow developed and implemented a number of drilling programmes in the area aimed at defining additional mineralisation. In 2010-2011, these programmes focused on deeper drilling to enhance the understanding of and confidence in these resources.

The results from the programmes indicated zones of higher grade mineralisation and extended all of the prospects to depth (400 metres). Drilling at all of the prospects also indicated that mineralisation remains open at depth providing further exploration upside potential.

In July 2011 an updated Mineral Resource estimate for the Mt Isa Project area was completed by Coffey who reported an increased Indicated and Inferred Mineral Resource estimated in accordance with JORC guidelines of 4.7Mt at 460 ppm for 4.8 Mlbs U_3O_8 at a 300 ppm U_3O_8 cut-off (Table 12).

Mineral Resources were estimated at Isa North (Queens Gift and Slance prospects), and Isa West (Thanksgiving, Bambino, Citation and Eldorado prospects).

The Citation prospect, which is part of the Isa West Project, was a new inclusion to the Mineral Resource inventory following updated drilling in 2011 which extended the mineralisation along strike and to depth.

Table 12. Mt Isa 2011 Mineral Resources

Deposit	Category	Cut-off (ppm U3O8)	Tonnes (M)	U3O8 (ppm)	U3O8 (t)	U3O8 (Mlb)
MOUNT ISA PROJECT (QLD, AUSTRALIA)						
Mount Isa	Indicated	300	2.2	470	1,050	2.3
Mount Isa	Inferred	300	2.5	450	1,120	2.5
MOUNT ISA TOTAL			4.7	460	2,170	4.8

4.5 Northern Territory Uranium Projects

4.5.1 Introduction and Project Area

Deep Yellow's projects in the Northern Territory are focussed on the Tanami-Arunta province, and located 175 kilometres northwest of Alice Springs along the sealed section of the Tanami Highway. Within this region the company owns defined rights to projects covering 6,991 km² as well as 100% rights to uranium within ABN Resources NL's ("ABN") tenements covering 16,518 km² (Figure 25).

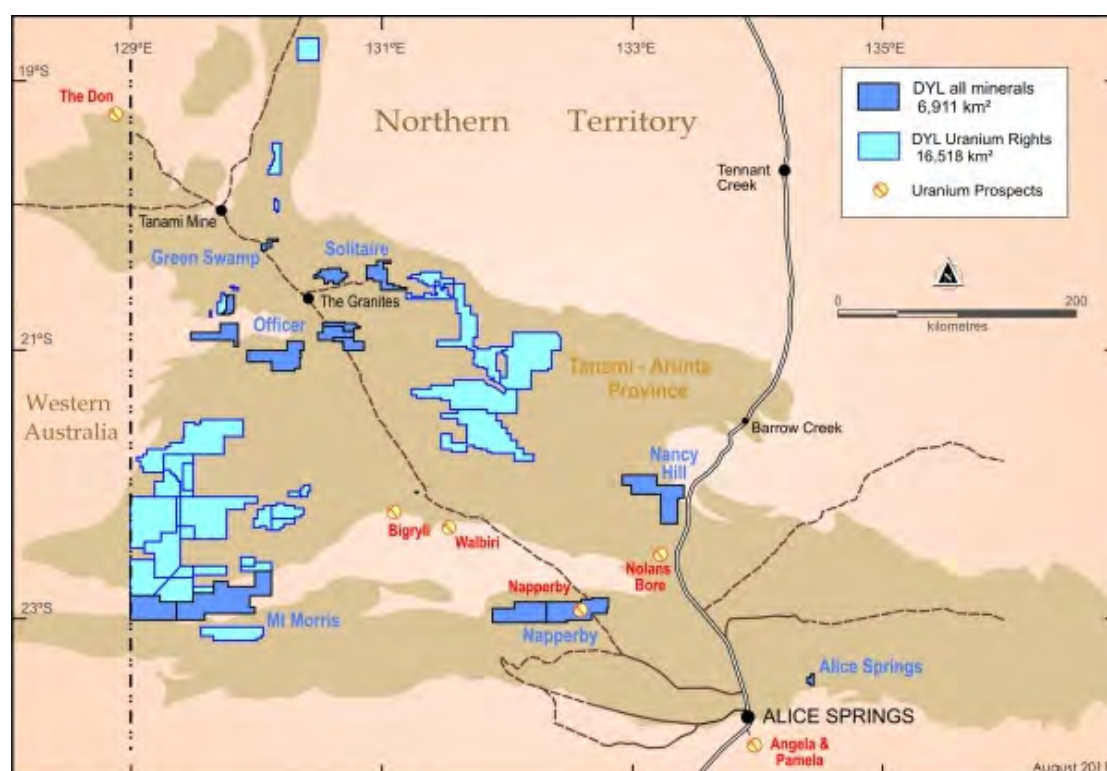


Figure 25 Northern Territory Tenements and Napperby Project location

The target within the majority of the tenement areas is near surface calcrete-hosted uranium mineralisation similar to the Napperby deposit. Within the ABM tenements, Proterozoic basement hosted uranium mineralisation is also being targeted.

The Napperby Project includes a deposit originally discovered and explored by CRA Exploration and Uranerz in the late 1970's and early 1980's that defined a mineralised zone over some 20 kilometre in strike length (Figure 26). The extensive mineralised zone occurs within 3 to 8 metres from surface in semi-consolidated and unconsolidated sediments along a palaeochannel.

Following the completion of a drill out of a 1 kilometre zone of the 14 kilometres strike of the deposit by Deep Yellow in 2006 (confirming both tonnage and grade estimates for the area drilled), the Project was optioned to Toro Energy Ltd ("Toro"). Toro had until May 2010 to complete a JORC resource drill out at which point they had an option to purchase the property from Deep Yellow. In May 2010, Toro indicated that it would not be exercising its option, as a result of which, the project is currently 100% owned by Deep Yellow.

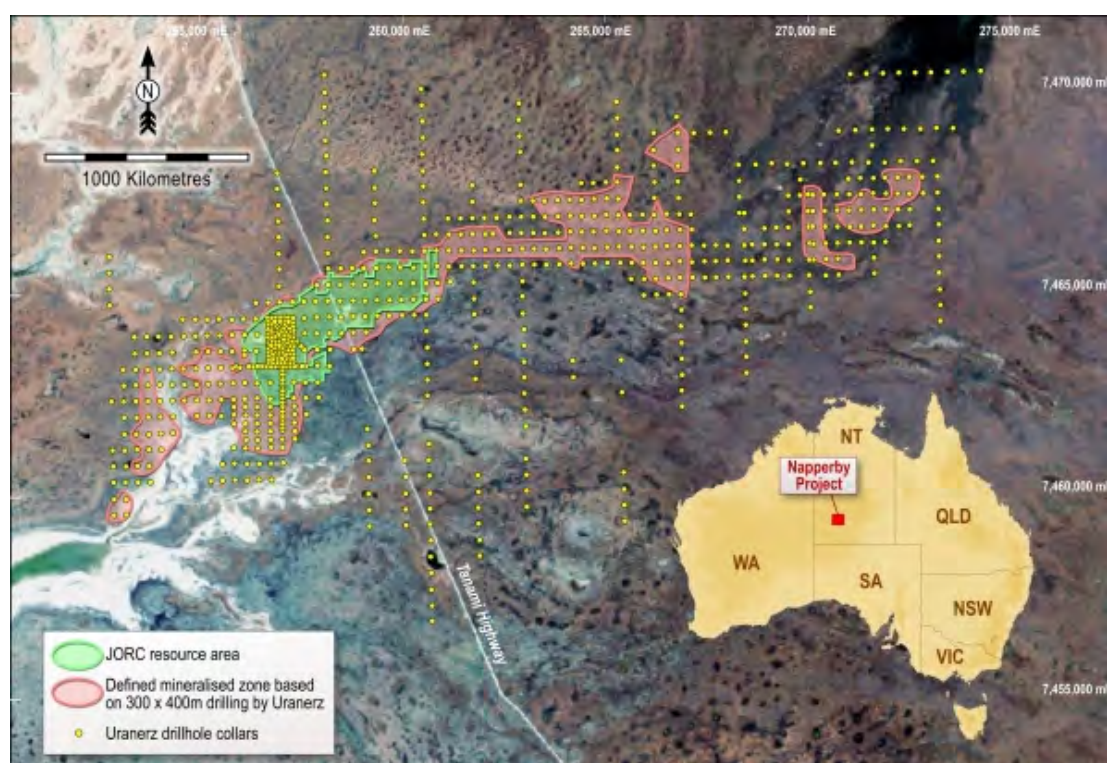


Figure 26 Extent of Historic Drilling by Uranerz (yellow dots with outline of historic resources in pink) and JORC drilling by Deep Yellow and Toro (green shaded area)

4.5.2 Northern Territory Project Tenure

Deep Yellow acquired the rights to the Napperby Project in December 2004 from Paladin Resources Ltd. In June 2005 the Company acquired the uranium rights to a large ground holding of 16,518 km² in the Tanami-Arunta Province from Tanami Gold NL ("Tanami"). In December 2009, ABM Resources NL ("ABM") became the beneficial owner of Tanami's Northern Territory tenements with DYL retaining 100% of the uranium rights. ABM also has the right to explore for gold and base metals on certain 100% held DYL tenements.

Table 13. Deep Yellow Northern Territory Tenements

Tenement Number	Tenement Name	Interest	Grant Date	Expiry Date	Approximate Area km2
EL 10223	Cornelius	100%	22.05.02	21.10.12	244
EL 24246	Napperby	100%	11.10.04	10.10.12	775
EL 24606	Lake Lewis	100%	28.12.05	27.12.11	628
EL 25097	Billabong North	100%	Application		232
EL 25101	Mordor West	50%	21.11.06	20.11.12	26
EL 25146	Mt Morris West	100%	Application		690
EL 25147	Mt Morris	100%	Application		1,580
EL 25155	Mongrel Downs	100%	Application		356
EL 25156	Abbotts Bore	100%	Application		113
EL 25177	Fiddlers Lake	100%	Application		670
EL 25212	Mt Davidson	100%	Application		307
EL 25601	Nancy Hill	100%	19.04.11	18.04.17	909
EL 27140	Cornelius North	100%	Application		128
EL 27141	Cornelius South	100%	Application		192
EL 27734	Green Swamp Hill	100%	Application		61

4.5.3 Regional Geology

The Napperby project lies within the Arunta-Ngalia region of the Northern Territory. Basement is comprised of Palaeo- to Meso-proterozoic metasedimentary and granitic rocks. These are overlain by the Neoproterozoic to Devonian Ngalia Basin immediately and in turn by Tertiary to Recent clastics, derived by erosion of highly-radiogenic basement uplifts to the north in the Reynolds Range.

The Project area is partly on outcropping granitic gneiss terrain. Overlying the crystalline basement is a broad, weakly incised palaeodrainage network with up to 150 m relief. Quaternary fluvial and lacustrine sediments have been deposited within the drainage channels. The sediments are a complex mix of fluvial sands, consisting of coarse sands, sandy clays, clayey sands and lacustrine clays; comprising sandy clays with carbonaceous matter, gypsiferous clays as well as, in parts, massive gypsum. Calcretes, in places variously friable and porous or thick and massive, sometimes indurated and silicified, occur at more than one horizon within the channel sequence. Aeolian sand and calcrete overlie and cap the palaeodrainage fill.

4.5.4 Napperby Deposit Geology and Mineralisation

The distribution of uranium mineralization at the Napperby deposit indicates that it is not a true channel calcrete deposit, but rather a fluvio-deltaic hosted one. The carnotite occurs as both finely disseminated and coarse blebby pellets in the fluvial sands and clays with an

overall anastomosing pattern to the mineralized zones, reflecting permeability controls. Mineralisation in the overlying calcrete is likely to be of supergene origin, caused by vertical, capillary water movements. The known extent to the mineralised drainage is some 15 km long by up to 2 km wide (Becker, 1997).

4.5.5 Napperby Mineral Resources

The currently stated Mineral Resource for the Napperby deposit was completed by SRK Consulting ("SRK") on behalf of Toro Energy Ltd in March 2009. The modelling and estimation was completed following an extensive campaign of sonic drilling completed by Toro between 2007 and 2008, and utilised chemical assay data from Deep Yellow in 2006, together with the Toro drilling (Figure 27). Drilling included in the Mineral Resource estimate covered approximately half of the mineralised area previously defined by Uranerz (Figure 28).

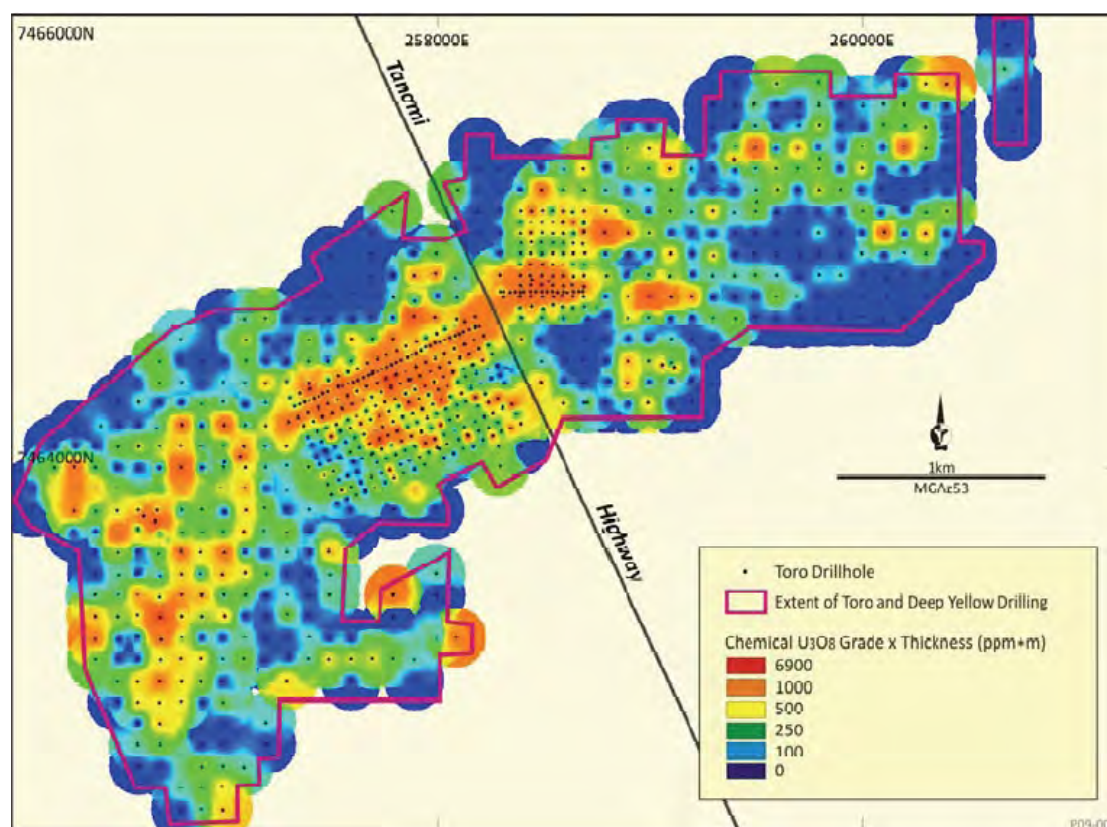


Figure 27 Grade x Thickness plot of Toro Energy drilling at Napperby

SRK estimated Inferred Mineral Resources in accordance with JORC guidelines of 9.34Mt at 359 ppm U₃O₈ for 7.39 Mlbs U₃O₈ reported above a 200 ppm U₃O₈ cut-off grade (Table 14).

The estimation technique used was uniform conditioning and the Napperby resources are classified as Inferred as a result of the poor quality of the local estimation due to the wide drill spacing which was typically 100m x 100m.

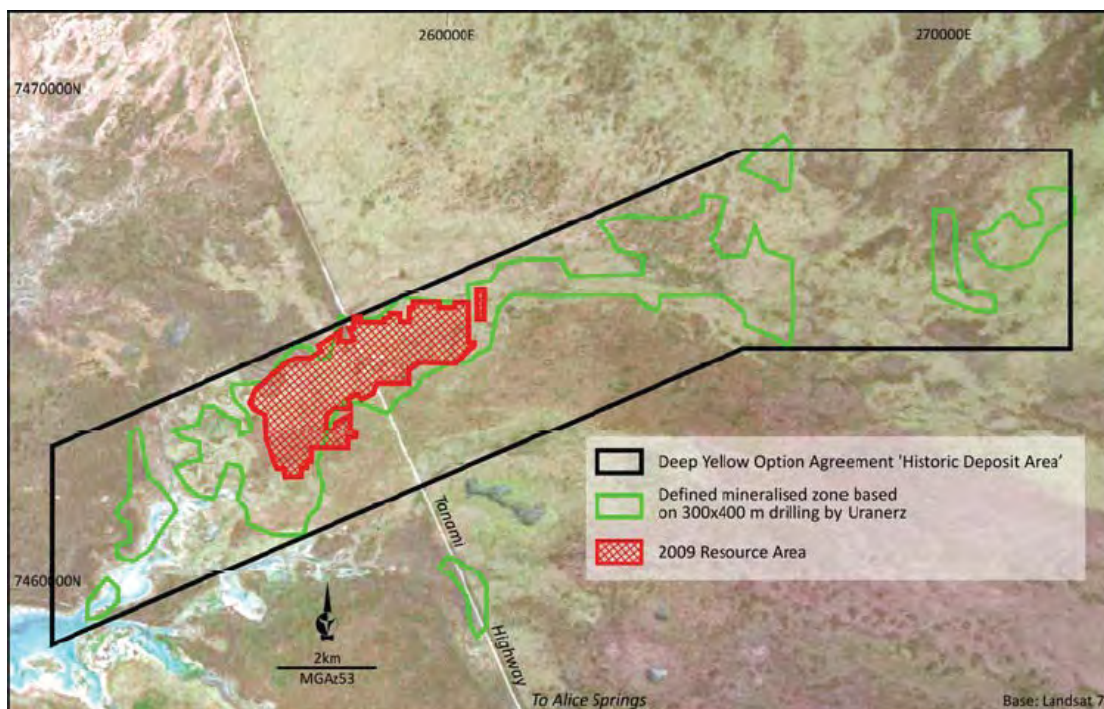


Figure 28 Napperby Mineral Resource area compared to known mineralised region

Table 14. Napperby Project Mineral Resources

Deposit	Category	Cut-off (ppm U3O8)	Tonnes (M)	U3O8 (ppm)	U3O8 (t)	U3O8 (Mlb)
NAPPERBY PROJECT (NT, AUSTRALIA)						
Napperby	Inferred	200	9.3	359	3,351	7.4
NAPPERBY TOTAL			9.3	359	3,351	7.4

5 Technical Valuation Background

5.1 Valuation Methods

The choice of valuation methodology applied to mineral assets, including an exploration licence, depends on the amount of data available and the reliability of that data.

The Valmin Code which is binding upon “Experts” and “Specialists” involved in the valuation of mineral assets and mineral securities, classifies mineral assets into categories which represent a spectrum from areas in which mineralisation may or may not have been found through to Operating Mines which have a well defined Ore Reserve: -

- “Exploration Areas” - properties where mineralisation may or may not have been identified, but where a Mineral or Petroleum Resource has not been identified;
- “Advanced Exploration Areas” - properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A resource estimate may or may not have been made but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the projects to the resource category;
- “Pre-Development Projects” - properties where Mineral or Petroleum Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made;
- “Development Projects” - properties for which a decision has been made to proceed with construction and/or production, but which are not yet commissioned or are not yet operating at design levels; and
- “Operating Mines” - mineral properties, particularly mines and processing plants that have been commissioned and are in production.

Each of these different categories will require different valuation methodologies, but regardless of the technique employed, consideration must be given to the perceived “fair market valuation”. This is described in the VALMIN Code under Definition 34: -

“It is the amount of money (or the cash equivalent of some other consideration) determined by the Expert in accordance with the provisions of the VALMIN Code for which the mineral or Petroleum Asset or Security should change hands on the Valuation Date in an open and unrestricted market between a willing buyer and a willing seller in an “arm’s length” transaction, with each party acting knowledgeably, prudently and without compulsion”

The Fair Market Value of Exploration Properties and Undeveloped Mineral Resources can be determined by four general approaches: Geoscience Factor; Cost; Market; or Income.

- Geoscience Factor Method seeks to rank and weight geological aspects, including proximity to mines, deposits and the significance of the camp and the commodity sought;
- Appraised Value Method considers the costs and results of historical exploration and the program and cost of future exploration if warranted;
- Market Approach Method or Comparable Transaction looks at prior transactions for the property and recent arm's length transactions for comparable properties; and
- The Income Approach is relevant to exploration properties on which undeveloped mineral resources have been identified by drilling. Value can be derived with a reasonable degree of confidence by forecasting the cash flows that would accrue from mining the deposit and discounting to the present day ('DCF') and determining a Net Present Value ('NPV').

The Income Approach is not appropriate for properties without mineral resources.

The Comparable Transaction method provides a useful guide where a mineral asset that is comparable in location and commodity has in the recent past been the subject of an "arm's length" transaction, for either cash or shares.

When considering the valuation of Exploration Areas, and in some cases Advanced Exploration areas, the Appraised Value Method utilises a Multiple of Exploration Method ("MEE") which involves the allocation of a premium or discount to the relevant and effective Expenditure Base (past expenditure) through the use of the Prospectivity Enhancement Multiplier ("PEM"). This involves a factor which is directly related to the success (or failure) of the exploration completed to date. The Expenditure base includes only the current owner's relevant past expenditures.

Guidelines for the selection of a PEM value have been proposed by several authors in the field of mineral asset valuation. Some of these guidelines are as follows:-

"A positive PEM is one that adds to the value of a given exploration expenditure (e.g., core drilling that shows ore-grade mineralization). A positive PEM should generally be in the range of >1.0 to 3.0" (Gregg and Pickering 2007).

"The Prospectivity Enhancement Multiplier ("PEM") which is applied to the effective expenditure therefore ranges from 0.5 to 3.0. The PEM generally falls within the following ranges:

- 0.5 to 1.0 where work to date or historic data justifies the next stage of exploration (but where past expenditure may have discounted some of the property's mineral potential);
- 1.0 to 2.0 where strong indications of potential for economic mineralisation have been identified; and
- 2.0 to 3.0 where ore grade intersections or exposures indicative of economic resources are present." (Onley, P, 1994).

6 Technical Valuation

6.1 Introduction

Following a review of publicly available information, and technical data as provided by Deep Yellow, The Income Approach, Appraised Value and the Market Approach Methods were reviewed for their suitability to the Project.

The Income Approach Method is not considered appropriate to the Projects as Mineral Reserves have not been incorporated into the detailed studies required to forecast future cashflows.

Deep Yellow has completed extensive exploration programs across the majority of their properties such that significant Mineral Resources have been estimated at 10 separate uranium deposits in accordance with JORC guidelines. These Mineral Resources facilitate the use of the Market Approach or Comparable Transaction Method which compares the Mineral Property being valued with the transactional value of similar Mineral Properties, transacted at arm's length in an open market.

The Appraised Value Method has also been used to value the Nova Energy JV Project where Mineral Resources have not been estimated.

6.2 Impact of Fukushima Incident on Uranium Market

The impact of the Fukushima Daiichi nuclear accident following the Tohoku earthquake and tsunami on March 11 2011 was felt widely throughout the uranium industry and uranium Resources sector.

In the days following the disaster, both demand for nuclear fuel and sentiment towards the nuclear power industry were impacted globally with Germany and Switzerland announcing decisions to accelerate the decommissioning of their reactors, and Italy deciding against a resumption of nuclear power generation which had been dormant since 1987.

The greatest effect on demand came from Japan itself, where 52 of 54 reactors were closed after the accident. The government also stated its intention to reduce Japan's long-term dependence on the sector.

At a time when inventory levels were already high, the suspension of Japanese and German reactors in the wake of the accident caused a slump in the price of uranium and ASX listed uranium explorers and producers lost approximately A\$1.5 billion in market capitalisation immediately after the accident.

A little over a year after the Fukushima Daiichi accident, world uranium markets have shown signs of regaining strength with uranium-demand growth continuing at 2% to 3% per annum and developing world economies including India and China continuing with plans for nuclear power expansion.

Within this context, mergers and acquisition of projects and companies has continued with the acquisition of Kalahari Minerals Plc and Extract Resources Ltd by Taurus Minerals Ltd (China Guangdong Nuclear Power Holdings Corporation), for ownership of the Husab Uranium Project in Namibia being the most noteworthy.

6.3 Description of Comparable Uranium Transactions

A range of recent and relevant transactions for uranium properties globally was researched and 17 transactions between December 2008 and March 2012 with stated Mineral Resources were documented. These transactions cover a wide geographical base, however this is considered relevant to the Deep Yellow projects in Namibia, as, notwithstanding specific national political, environmental and fiscal regimes, the nuclear energy market may truly be considered as global in its context.

These comparable transactions range from exploration properties, to those where detailed feasibility studies have been completed and importantly 10 of the 17 transactions have occurred since the Fukushima Daiichi accident, and its impact on the uranium Resources sector.

The implied value of the transactions (in cash and/or shares) was examined, and compared with respect to the stated in-situ Mineral Resources in Mlbs of U_3O_8 (Implied \$ per lb of U_3O_8). The classification of Mineral Resources and average U_3O_8 grade was also considered in the comparison of transactions.

The transactions are summarised and listed by announcement date as follows –

1. Millennium Project March 2012 - Canada: On 2nd March 2012 Cameco Corporation (TSX:CCO) (NYSE:CCJ) announced that has entered into an agreement with AREVA Resources Canada Inc. to purchase AREVA's 27.94% interest in the Millennium project for C\$150 million. The Millennium project is located in the Athabasca Basin of northern Saskatchewan, Canada. The project area is one of 12 mineral claims held by the Cree Lake Extension Joint Venture exploration project, which is currently owned by Cameco (41.96%), JCU (Canada) Exploration Company Ltd. (30.1%), and AREVA Resources Canada Inc. (27.94%) where Cameco is the operator. Mineral Resources at the project comprise 50.9 Mlbs of U_3O_8 at a grade of 4.55 % in the Measured and Indicated categories, and 16.7 Mlbs of U_3O_8 at a grade of 2.54 % in the Inferred category.
2. Cebolleta/Juan Tafoya Projects February 2012 – United States: On 24th February 2012, Uranium Resources Inc. ("URI") announced a merger agreement to acquire 100% of the equity capital of Neutron Energy Inc. in a stock-for-stock transaction. In conjunction with this transaction, a finance agreement was reached with an affiliate of Resource Capital Fund to provide US\$20 million to retire the majority of Neutron's outstanding debt owed to RMB Australia Holdings Limited ("RMB") in exchange for URI common stock. The remainder of Neutron debt owed to RMB was to be converted into URI common stock, resulting in URI acquiring Neutron on a debt-free basis. A total of 37 million URI common shares will be issued for the merger, resulting in a total consideration of \$38.1 million, based on URI's closing stock price on February 24, 2012 of US\$1.03. Neutron is a private company whose key projects are located in the Grants Mineral Belt of New Mexico, including the Cebolleta and Juan Tafoya projects. The Cebolleta project contains Inferred Mineral

Resources of 34.9 Mlbs of U_3O_8 at a grade of 0.14% and the Juan Tafoya property contains 13.5 Mlbs U_3O_8 at a grade of 0.15%. Neutron also holds properties which are located adjacent to certain URI properties in the Ambrosia Lake region of New Mexico. These properties contain Inferred Mineral Resources of 10.4 Mlbs U_3O_8 at a grade of 0.14%.

3. Yuty Project January 2012 – Paraguay: On 23rd January 2012, Uranium Energy Corp. (“UEC”) announced that they entered into an agreement to acquire Cue Resources Limited (“Cue”) via a plan of arrangement whereby Cue shareholders would receive 0.0195 of one share of UEC common stock for every share of Cue held. The primary asset of Cue was the Yuty Uranium Project located in southeastern Paraguay. The Yuty Project has stated Mineral Resources of 8.9 Mlbs of U_3O_8 at a grade of 0.05% in the Measured and Indicated categories, and 2.2 Mlbs of U_3O_8 at a grade of 0.05% in the Inferred category. Cue had acquired an option over the project in 2006, and between 2007 and 2010 had completed 256 drill holes totalling 31,000 meters of core and rotary drilling, and acquired a 100% interest in the Project.

4. Husab Project December 2011 – Namibia: On 8th December 2011, Taurus Minerals Limited – a subsidiary of China Guangdong Nuclear Power Holdings Corporation (“CGNPC”) and The China-Africa Development Fund (“CAD-Fund”), announced an agreement to acquire all of the share capital of Kalahari Minerals Plc for a consideration of 243.55 pence Sterling per share. Kalahari's key asset is its holding of 42.5 per cent in Extract Resources Limited (“Extract”) who are progressing the Husab uranium project towards development. As a result of the major stake in Extract held by Kalahari, the Australian Securities and Investment Commission (“ASIC”) had made declarations under the Australian Corporations Act in relation to the Taurus bid for Kalahari. Under these declarations, Taurus was effectively required to lodge a cash off-market takeover bid for all of the Extract shares within 4 weeks of acquiring more than 50% of the voting rights in Kalahari. The offer price for the Extract shares was an “effective” or “see-through” price based on the implied value of Kalahari's shareholding in Extract and was set at A\$8.65 per share. On 14th February, Taurus lodged their unconditional cash offer of A\$8.65 per share for Extract. As at 27th March Taurus had acquired 89.8% of the issued capital of Extract following the sale by major shareholders of Extract - Rio Tinto and ITOCHU. Granite hosted uranium was discovered at the Husab Uranium Project in February 2008, and with currently stated Mineral Resources of 513Mlbs of U_3O_8 at a grade of 0.05% in the Measured, Indicated and Inferred categories (including Ida Dome deposits) it ranks as the 3rd largest uranium only deposit in the world.

5. Nuottijärvi/Duobblon Projects December 2011 – Finland/Sweden: On 7th December 2011, Tournigan Energy Limited, announced to acquire all of the issued shares of Mawson Resources Limited, for a purchase consideration of 53,639,848 common shares of Tournigan. The assets of Mawson consist of seven uranium exploration projects located in Sweden and Finland. Tournigan also changed its name to European Uranium Resources Ltd and complete a consolidation of its shares on a 1 new for 5 old basis. Mineral Resources have been estimated at three Mawson projects - the Klappibacken and Duobblon Projects in Sweden and the Nuottijärvi project in Finland.

6. Roughrider Project December 2011 – Canada: In August 2011 Cameco Corporation lodged an unsolicited bid of C\$3.75 per share for Hathor Exploration Limited. There

followed a subsequent C\$4.15 per share offer by Rio Tinto Limited in October, with Cameco increasing its offer to C\$4.50 per share in mid-November. An increased bid of C\$4.70 per share by Rio Tinto secured the deal and on 1st December 2011 Rio announced that its bid had been successful after Cameco declined to extend its offer and Rio had secured 70.2% of Hathor. Hathor's Athabasca Basin exploration properties in northern Saskatchewan include its flagship Roughrider deposit, with Indicated Mineral Resources of 17.2 Mlbs U₃O₈ at a grade of 1.98% and Inferred resources of 40.7 Mlbs U₃O₈ at a grade of 11.4%. The Project is situated within 25 km of Cameco's existing Rabbit Lake uranium mill.

7. Namibplaas Project November 2011 – Namibia: On 24th November 2011, Forsys Metals Corp who already hold a 70% interest in the Namibplaas Project, entered into an agreement to acquire the remaining 30% project from Etherlin Management Corp. Consideration for the acquisition was 13 million shares and 2 million warrants of Forsys. Current NI 43-101 compliant Inferred Mineral Resources at the Project are 41.1 Mlbs of U₃O₈ at a grade of .01% reported above a cut-off grade of 80 ppm. The Namibplaas Project is located 7km from the Valencia project which is the primary Forsys project.
8. Sheep Mountain Project October 2011 – United States: On 25th October 2011 Energy Fuels Inc. and Titan Uranium Inc. announced that they had entered into a Letter of Intent whereby Energy Fuels would acquire all of the outstanding common shares of Titan. Upon completion, Titan shareholders would own approximately 42% of the issued and outstanding common shares of Energy Fuels, which would then own 100% of Titan. Under the Arrangement, Energy Fuels issued an aggregate of 89.1 million shares in exchange for all of the 131 million shares of Titan, on the basis of 0.68 of an Energy Fuels common share for each whole Titan common share. Titan's major asset is a 100% interest in the Sheep Mountain uranium Project in the Crooks Gap Mining District of Fremont County, Wyoming. The Project has an NI 43-101 compliant Indicated Resource of 30.4 Mlbs contained U₃O₈ at an average grade of 0.110% eU₃O₈. The Sheep Mountain project is currently at an advanced stage of permitting with production expected to commence in 2014 at a peak production rate of 1.5 million pounds U₃O₈ per annum.
9. Hansen Deposit August 2011 – United States: On 2nd August 2011, Black Range Minerals Limited announced that it had acquired a 24.5% interest in the Hansen Deposit in Colorado, USA from NZ Minerals LLC for a consideration of US\$1 million cash and US\$1 million worth of shares (28M shares in Black Range). The deposit is located immediately adjacent to the Company's flagship Taylor Ranch Project and Black Range has also entered into definitive agreements to acquire the remaining 75.5% of the project from both NZ Minerals (24.5% remaining) and another company STB Minerals LLC who hold a 51% interest in the deposit. The Hansen Deposit hosts Indicated and Inferred Mineral Resources of 39.4 Mlbs of U₃O₈ at a grade of 0.064% U₃O₈ estimated in accordance with JORC guidelines.
10. Mkuju River Project March 2011 – Tanzania: On 15th December 2010, Mantra Resources Limited reached an agreement regarding an all-cash offer from ARMZ Uranium Holding Co. (a wholly-owned by the Russian State Corporation for Nuclear Energy, Rosatom) to acquire all of the issued shares in Mantra for A\$8.00 per share. This valued Mantra at approximately A\$1.16 billion. Following the Fukushima Daiichi nuclear accident on March 11 2011, and on 16th March, ARMZ stated that they

considered the incident to constitute a material adverse change on the business, and prospects of Mantra, and as such, they were withdrawing their offer. Despite the termination of the direct acquisition, the companies continued to seek out an alternative approach which would allow the deal to go ahead. On 22nd March the companies announced a revised agreement whereby ARMZ would acquire all of the shares in Mantra for a reduced price of A\$7.02 per share, made up of A\$6.87 paid by ARMZ and a special dividend of A\$0.15 per share to be paid by Mantra valuing Mantra at approximately A\$1.02 billion. Additionally, ARMZ agreed to remove the 'material adverse change' condition from the scheme implementation agreement. Mantra's primary asset was the Mkuju River project in southern Tanzania, with estimated Mineral Resources in the Measured, Indicated and Inferred categories of 101.4 Mlbs of U₃O₈ at a grade of 0.04% U₃O₈ estimated in accordance with JORC guidelines. Definitive feasibility studies were being completed for a mining and heap leaching operation to produce 1,400 tonnes of uranium per annum.

11. Michelin Project December 2010 – United States: On 17th December 2010, Paladin Energy Ltd announced that it had entered into a Definitive Agreement for the purchase of the uranium assets of Aurora Energy Resources Inc., a wholly owned subsidiary of Fronteer Gold. The principal assets of Aurora Energy were located within the Central Mineral Belt of Newfoundland and Labrador in Eastern Canada, including the Michelin deposit (67.12 Mlbs Measured and Indicated and 36.08 Mlbs Inferred Resources of U₃O₈) as well as the Jacques Lake, Rainbow, Nash, Inda and Gear deposits. NI 43-101 compliant Mineral Resources defined across all the deposits are comprised of 83.8 Mlbs U₃O₈ at a grade of 0.09% in the Measured and Indicated categories and 53.0 Mlbs U₃O₈ at a grade of 0.08% in the Inferred category. The consideration for the acquisition was C\$260.87M via the issuance of 52,097,937 shares in Paladin.
12. Hinkler Well Project December 2010 – Australia: On 13th December 2010, Toro Energy Limited announced that it had executed a Definitive Agreement with U3O8 Ltd to acquire 100% of the Dawson-Hinkler Well Uranium Project near Wiluna in Western Australia and located approximately 15 kilometres west of Toro's Centipede deposit for a consideration of A\$6.2 million. Mineral Resources estimated in accordance with JORC guidelines at the Dawson Hinkler project comprised 6.2 Mlbs U₃O₈ at a grade of 0.03% U₃O₈ in the Inferred Category.
13. Takardeit Project July 2010 – Niger: On 21st July 2010, Paladin Energy Limited announced an offer to acquire all of the shares in NGM Resources Limited on the basis of 1 Paladin Share for every 23.9 NGM Shares. The Offer valued each NGM Share at A\$0.15 based on the closing price of Paladin Shares on the ASX on 20 July 2010 of A\$3.58. NGM's most advanced prospect is the Takardeit Prospect (located on the Terzemazour 1 concession) located in the Tim Mersoï Basin, Niger. Mineral Resources estimated in accordance with JORC guidelines at the project comprised 11.0 Mlbs U₃O₈ at a grade of 0.02% U₃O₈ in the Inferred Category.
14. Berlin/Laguna Salada Projects February 2010 – Colombia/Argentina: On 17th February 2010, U3O8 Corp announced an agreement to acquire uranium properties in South America from Mega Uranium Ltd. The consideration for the acquisition was 30.6M common shares of U3O8 Corp and C\$4 million in cash. The two primary properties were the Berlin Project in Colombia where historic Resources had been estimated and the Laguna Salada Project in Argentina. NI 43-101 compliant Mineral

Resources were subsequently estimated at the Berlin project following trenching and drilling programs with 21.4 Mlbs U_3O_8 at a grade of 0.11% U_3O_8 in the Inferred and Indicated categories.

15. Bigyrlyi Project September 2009 – Australia: On 8th September 2009, Energy Metals Limited announced that it had entered into an agreement whereby subsidiaries of China Guangdong Nuclear Power Holding Company Limited (“CGNPC”) would acquire up to 70% of the outstanding shares of Energy Metals for A\$1.02 cash per share. CGNPC subsequently acquired 78.8 million shares in Energy Metals under the transaction representing 65.2% of the issued shares for a total consideration of A\$80.4M. The primary Energy Metals asset at the time of the transaction was a 53.7% share of the Bigyrlyi uranium and vanadium project in the Northern Territory where Mineral Resources had been estimated in accordance with JORC guidelines, and comprising a total of 20.6 Mlbs of U_3O_8 at a grade of 0.14% U_3O_8 in the Indicated and Inferred categories, with 11.1 Mlbs of U_3O_8 attributable to Energy Metals 53.7% ownership.
16. Lake Maitland Project June 2009 – Australia: On 27th February 2009, Mega Uranium Limited announced a proposed agreement whereby JAURD (the Japan Australia Uranium Resources Development Co. Ltd.) and ITOCHU Corporation (ITOCHU) would acquire a 35% stake in the Lake Maitland Project, located in the Eastern Goldfields area of Western Australia. At the time of the announcement of the transaction the project contained a NI 43-101 compliant Inferred Resource of 23.7 Mlbs of U_3O_8 at a grade of 0.03% U_3O_8 . The execution of a final farm-in and joint venture agreement was announced on 18th June with consideration for the acquisition comprising aggregate payments of US\$49 million.
17. Valhalla North Project December 2008 – Australia: On 2nd December 2008, Paladin Energy Limited, announced an offer to acquire all of the shares of Fusion Resources Limited on the basis of 1 Paladin share for every 6 Fusion shares. The implied offer price valued each Fusion share at A\$0.365 based upon the closing price of Paladin shares on 2nd December for a total consideration of A\$17.8 million. The primary Fusion assets consisted of three priority areas in the Mt Isa region of Queensland being the Valhalla North, Andersons South and Mary Kathleen projects. Mineral Resources were estimated in accordance with JORC guidelines at the Valhalla North project and comprised 0.9 Mlbs of U_3O_8 at a grade of 0.08% U_3O_8 in the Indicated category and 6.2 Mlbs of U_3O_8 at a grade of 0.07% U_3O_8 in the Inferred category.

Date	Project	Location	Purchasing Company	Vendor/Target	Transaction Value	US\$M	Acquisition %	Measured & Indicated Resources Mlb	Inferred Resources Mlb	Total Mineral Resources Mlb	Average Grade	Implied Price US\$/lb	Status	U ₃ O ₈ Price US\$/lb	\$/lb as % of U ₃ O ₈ price
Mar-12	Millennium	Canada	Cameco Corporation	Areva Resources	C\$150M	151.9	27.9%	50.9	16.7	67.6	4.05%	8.04	Feasibility	51.0	15.8%
Feb-12	Cebolleta / Juan Tafoya	United States	Uranium Resources Inc	Neutron Energy Inc	US\$38.1M	38.1	100%	-	58.8	58.8	0.14%	0.65	Exploration	52.0	1.2%
Jan-12	Yuty	Paraguay	Uranium Energy Corp	Cue Resources Ltd	US\$9.0M	9.0	100%	8.9	2.2	11.14	0.05%	0.81	Exploration	52.0	1.6%
Dec-11	Husab	Namibia	Taurus Minerals Ltd	Extract Resources Ltd	A\$2,182M	2237.1	57.5%	358.1	154.8	512.9	0.04%	7.59	Feasibility	51.8	14.7%
Dec-11	Nuottijarv / Duobblon	Finland / Sweden	Tournigan Energy Ltd	Mawson Resources Ltd	C\$4.2M	4.1	100%	3.3	12.0	15.32	0.04%	0.27	Exploration	51.8	0.5%
Dec-11	Roughrider	Canada	Rio Tinto Ltd	Hathor Exploration Ltd	C\$635.6M	618.7	100%	17.2	40.7	57.9	8.63%	10.69	Feasibility	51.8	20.6%
Nov-11	Namibplaas	Namibia	Forsys Metals Corp	Etherlin Management Corp	C\$7.8M	7.5	30%	-	41.1	41.1	0.01%	0.60	Exploration	51.8	1.2%
Oct-11	Sheep Mountain	United States	Energy Fuels Inc	Titan Uranium Inc	C\$26.3M	26.1	100%	30.3	-	30.3	0.12%	0.86	Feasibility	52.0	1.7%
Aug-11	Hansen	United States	Black Range Minerals Ltd	NZ Minerals LLC	US\$2M	2.0	24.5%	17.1	22.3	39.4	0.06%	0.21	Exploration	49.0	0.4%
Mar-11	Mkuju River	Tanzania	ARMZ Uranium Holding Co	Mantra Resources Ltd	A\$1,020M	1022.2	100%	65.5	35.9	101.4	0.04%	10.08	Feasibility	62.5	16.1%
Dec-10	Michelin	United States	Paladin Energy Ltd	Aurora Energy Resources Inc	C\$260.9M	259.5	100%	83.8	53	136.8	0.09%	1.90	Exploration	62.5	3.0%
Dec-10	Hinkler Well	Australia	Toro Energy Ltd	U3O8 Ltd	A\$6.2M	6.1	100%	-	6.2	6.2	0.03%	0.98	Exploration	62.5	1.6%
Jul-10	Takardeit	Niger	Paladin Energy Ltd	NGM Resources Ltd	A\$27M	23.7	77.5%	-	10.6	10.6	0.02%	2.89	Exploration	43.5	6.6%
Feb-10	Berlin / Laguna Salada	Colombia / Argentina	U3O8 Ltd	Mega Uranium Ltd	C\$10.4	9.9	100%	1.5	19.9	21.4	0.11%	0.46	Exploration	41.8	1.1%
Sep-09	Bigyrlyi	Australia	CGNPC	Energy Metals Ltd	A\$80.4M	68.7	65%	4.9	6.1	11.1	0.14%	9.51	Exploration	42.5	22.4%
Jun-09	Lake Maitland	Australia	ITOCHU/JAURD	Mega Uranium Ltd	US\$49	49.0	35%	-	23.7	23.7	0.03%	5.91	Exploration	52.0	11.4%
Dec-08	Valhalla North	Australia	Paladin Energy Ltd	Fusion Resources Ltd	A\$17.8M	11.5	100%	0.9	6.2	7.06	0.07%	1.63	Exploration	53.0	3.1%

Table 15. Dataset of Comparable Market Transactions

6.4 Analysis of Comparable Uranium Transactions

Comparable transaction valuation provides a benchmark of recent market based transactions. This approach has its flaws, and its usefulness is limited by the fact that each property is unique and directly comparable assets and circumstances may be rare. Factors common to most mineral assets and in particular the uranium industry involve the strategic importance of the assets, existing infrastructure or lack thereof, stripping ratios, ore consistency and quality, capital and operating costs and sovereign risk.

In seeking to use comparable transactions to evaluate a potential market value for the Deep Yellow assets, key project attributes were examined and assessed for their relevance to the assets under consideration.

While the transactions considered in this report are geographically diverse and primarily involve projects in the United States, Canada, Africa and Australia, it has become apparent that the market for, and transactions involving uranium properties are global in nature.

The implied value of the transactions (in cash and/or shares) was examined and was converted into US dollars at the prevailing exchange rate on the date that the transaction was announced. The transactions occurred in three currencies – Canadian, Australian and US dollars.

The value of the transaction in US\$M was compared with the stated Mineral Resources in Mlbs of U_3O_8 and the implied price in US\$/lb U_3O_8 was evaluated for each transaction. As the transactions occurred over a 40 month period between December 2008 and March 2011, the uranium price per lb of U_3O_8 was also considered at the date of each transaction to ascertain if there was a bias in the transaction price per lb due to movements in the uranium price. The implied price per lb was also expressed as a % of the U_3O_8 price at the time of the transaction.

The grade and scale of the Mineral Resources contained within the transacted projects varies significantly, and this is reflected in the price per lb of U_3O_8 paid for projects with either exceptional grade or sizable Resource bases. The two highest grade projects recently transacted (Millennium and Roughrider) have attracted a value per lb significantly higher than the majority of transactions, and similarly those projects with a resource base greater than 100 Mlbs U_3O_8 (Husab and Mkuju River) generally involve higher valuations per lb of U_3O_8 .

The timing of transactions should also be taken into consideration given the significant impact of the Fukushima Daiichi accident on the value of uranium exploration and development companies after March 11 2011 and in this context 10 of the 17 transactions have occurred post March 2011.

In deriving a range of values per lb U_3O_8 from the dataset of comparable transactions, CSA believes that the two transactions which best approximate the assets of Deep Yellow are the acquisition by Paladin Energy Limited ("Paladin") of the uranium assets of Aurora Energy Resources Incorporated ("Aurora"), and the acquisition by Energy Fuels Inc. ("Energy Fuels") of Titan Uranium Inc. ("Titan").

The Energy Fuels acquisition of Titan for the Sheep Mountain Project was via equity in Energy Fuels with 0.68 of an Energy Fuels share for each whole Titan share for a total consideration of US\$26.1M. The Sheep Mountain Project had stated Mineral Resources in the Measured and Indicated categories of 30.8 Mlbs U₃O₈ at a grade of 0.12% U₃O₈.

CSA believes that this represents a Lower Range value transaction for the Deep Yellow assets which have a significantly higher Resource base of 114 Mlbs U₃O₈, although at a lower grade of 0.03% U₃O₈ and with a greater proportion of Mineral Resources in the lower category of Inferred. The transaction occurred in October 2011 and after the events at Fukushima in March 2011.

CSA believes that the transaction which best represents a Higher Range value transaction for the Deep Yellow assets is represented by the Paladin acquisition of Aurora. The consideration for the acquisition was US\$259.5M via the issuance of 52M shares in Paladin. The principal assets of Aurora included the Michelin deposit (67 Mlb Measured and Indicated and 36 Mlb Inferred Resources of U₃O₈) as well as the Jacques Lake, Rainbow, Nash, Inda and Gear deposits. Mineral Resources defined across all the deposits comprised 83.8 Mlb U₃O₈ at a grade of 0.09% in the Measured and Indicated categories and 53.0Mlb U₃O₈ at a grade of 0.08% in the Inferred category. The Mineral Resource is larger and at a higher grade than the Deep Yellow Mineral Resource and the transaction occurred in December 2010 prior to Fukushima.

The Paladin / Aurora transaction occurred at a uranium price of US\$62.5/lb, and the Energy Fuels / Titan transaction occurred at a uranium price of US\$52/lb. The current (August 2012) uranium price is US\$49/lb (Ux Consulting 20 August 2012), and therefore the transaction value per lb has been normalised by considering it as a % of the uranium price at the time of the transaction (Table 16).

Table 16. Primary Comparable Transactions

Project	Purchasing Company	Transaction Value US\$M	Total Mineral Resources Mlb	Implied Price US\$/lb	U ₃ O ₈ Price US\$/lb	\$/lb as % of U ₃ O ₈ price	August 2012 U ₃ O ₈ Price US\$/lb	Normalised Price US\$/lb
Sheep Mountain	Energy Fuels Inc	26.1	30.3	0.86	52	1.7%	49	0.81
Michelin	Paladin Energy Ltd	259.5	136.8	1.90	62.5	3.0%	49	1.49

A value of US\$0.81 has been selected as being most representative of a Lower Range Value for the Deep Yellow uranium Resources, with a value of US\$1.49/lb representing a High Range Value. A value of US\$1.15/lb has been selected as representing a Preferred Value being the midpoint between the Upper and Lower Range values.

These values have been applied to the Namibian and Australian uranium Mineral Resources to derive a value for the uranium projects.

6.5 Valuation of Namibian Properties

6.5.1 Namibian Uranium Properties

Currently stated Mineral Resources for Namibian Uranium Properties are 101.4 Mlbs U_3O_8 at a grade of 0.025% U_3O_8 . Applying a range of values per lb of U_3O_8 of A\$0.78 to A\$1.43 (based upon US\$: A\$ exchange rate of 1.0438 as at 24th August 2012), a valuation range of A\$78.7 to A\$111.7M is derived for the Deep Yellow Namibian uranium projects which contain stated Mineral Resources. Within this range a value per lb of U_3O_8 of A\$1.10 which equates to an asset value of A\$111.7M has been selected as the Preferred Value (Table 17).

Table 17. Valuation of Namibian Uranium Properties

	Value US\$/lb U_3O_8	Value A\$/lb U_3O_8	Mineral Resources Mlb U_3O_8	Value A\$
Lower	0.81	0.78	101.4	78.7
Preferred	1.15	1.10	101.4	111.7
Upper	1.49	1.43	101.4	144.7

6.5.2 Shiyela Iron Project

Valuation of the Shiyela Iron Project is based upon recent analysis of Australian listed magnetite exploration and development companies. This analysis indicates that an Enterprise Value ("EV") per tonne of weight contained metal ("WCM") lies in a range from A\$0.5 to A\$0.6. The weighted average grade of these Australian magnetite projects is 27.5% Fe.

The current Mineral Resource for the Shiyela Project is 78.7Mt at a grade of 18.9% Fe for a total WCM of 14.9Mt Fe. CSA considers that whilst the Resource is small and the Fe head grade is lower than typical Australian magnetite projects, Shiyela nevertheless has several favourable mineralogical and infrastructure advantages.

- Located 45 km by road from Walvis Bay deep sea port;
- 10 km from the Kuiseb electricity substation which supplies Langer Heinrich;
- Potential source of water in the Tubas channel to the north of the project area;
- Potential for a coarse grained 80% passing -150 micron high quality clean concentrate;

Applying a range of values of A\$0.5 to A\$0.6 per tonne of WCM to Mineral Resources at the project, CSA believes that the value of the Shiyela project should lie in a range from **A\$7.4** to **A\$8.9M** with a preferred value of **A\$7.4**.

6.5.3 Nova Energy JV Projects

Valuation of the Nova Energy JV Projects is based upon the Cost or Appraised Value Method. For exploration areas, this approach utilises a Multiple of Exploration Method ("MEE") which involves the allocation of a premium or discount to the relevant and effective Expenditure

Base (past expenditure) through the use of the Prospectivity Enhancement Multiplier ("PEM"). This involves a factor which is directly related to the success (or failure) of the exploration completed to date. The Expenditure base includes only the current owner's relevant past expenditures.

Deep Yellow entered into the JV with Toro in May 2009 earning a 65% interest in three EPLs held by Toro's Namibian subsidiary, Nova Energy, by spending A\$3.5 million over 2½ years. RUN completed its earn-in requirement on 31 July 2010.

Exploration by Deep Yellow to date has downgraded the properties with drilling on Gawib West (EPL 3668) immediately to the southwest of the Langer Heinrich Mine failing to return any significant uranium mineralisation.

Drilling at the Natango Prospect (EPL 3669) was completed with 41 RC holes drilled for 6,834 metres completed to evaluate the western strike extension of uranium mineralisation reported by Extract Resources at the Pizarro prospect. Overall the drilling was disappointing with only holes 2 holes returning uranium grades in the range of 150 to 400 ppm U₃O₈ typical of the Alaskites in the district.

Drilling at the Chungochoab Prospect (EPL 3670) comprised 18 RC holes for a total of 2,735 metres. Mineralised intercepts were made in holes CHBR8 and CHBR9 however XRF analysis confirmed that the radioactivity present was due to Thorium.

CSA believes that exploration programs to date have downgraded the prospectivity of the Nova Energy JV Projects. Applying the Exploration Base (costs to date) of A\$3.5M to earn 65% and a PEM of 0.5, a value for the 65% share of the licence areas of **A\$1.75M** is derived,

6.6 Valuation of Australian Properties

Currently stated Mineral Resources for the Australian Uranium Properties are 12.2 Mlbs U₃O₈ at a grade of 0.04% U₃O₈. Applying a range of values per lb of U₃O₈ of A\$0.78 to A\$1.43 (based upon US\$: A\$ exchange rate of 1.0438 as at 24th August 2012), a valuation range of A\$9.5 to A\$17.4M is derived for the Deep Yellow Australian uranium projects which contain stated Mineral Resources. Within this range a value per lb of U₃O₈ of A\$1.10 which equates to an asset value of A\$13.4M has been selected as the Preferred Value (Table 18).

Table 18. Valuation of Australian Uranium Properties

	Value US\$/lb U ₃ O ₈	Value A\$/lb U ₃ O ₈	Mineral Resources Mlb U ₃ O ₈	Value A\$
Lower	0.81	0.78	12.2	9.5
Preferred	1.15	1.10	12.2	13.4
Upper	1.49	1.43	12.2	17.4

6.7 Summary of Project Valuations

Combining the valuations for the Namibian and Australian Uranium Projects, and the Shiyela Iron Ore Project as described, a value for the Deep Yellow mineral assets lies in a range from A\$97.4 to A\$172.8M with a preferred value of A\$134.3M (Table 19).

Table 19. Summary Valuation of Deep Yellow Mineral Assets

	Low A\$M	High A\$M	Preferred A\$M
Namibian Uranium Projects	78.7	144.7	111.7
Australian Uranium Projects	9.5	17.4	13.4
Shiyela Iron Ore	7.4	8.9	7.4
Nova Energy JV	1.8	1.8	1.8
Total	97.4	172.8	134.3

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Glossary

amphibolite:	A metamorphic crystalline rock consisting mainly of amphiboles and some plagioclase.
amphibolite facies:	The set of metamorphic mineral assemblages (facies) which is typical of regional metamorphism between 450-700°C.
Archaean:	Widely used term for the earliest era of geological time spanning the interval from the formation of Earth to about 2,500 million years ago.
basalt:	A dark, fine-grained volcanic rock of low silica (<55%) and plagioclase feldspar and pyroxene.
biotite:	A type of black mica
breccia:	A rock made up of mainly angular fragments.
carbonate:	A sediment formed from the organic or inorganic precipitation from aqueous solution of carbonates of calcium, magnesium, or iron; e.g., limestone and dolomite.
chalcopyrite:	A bright brass-yellow copper-iron sulphide: CuFeS_2 .
chlorite:	Family of tetrahedral sheet silicates of iron, magnesium, and aluminium, characteristic of low-grade metamorphism.
craton:	Large, and usually ancient, stable mass of the Earth's crust.
Cretaceous:	Final period of the Mesozoic era, 135-65 million years ago.
diamond drilling:	A method of obtaining a cylindrical core of rock by drilling with a diamond-set or diamond impregnated bit.
dolerite:	A fine to medium grained intrusive mafic rock
dyke:	Thin, sheet-like intrusion of magmatic (igneous) rock.
electromagnetic (EM) survey:	A geophysical survey technique where potential fields are measured under the influence of an applied current.
en echelon:	Geologic features that are in an overlapping or staggered arrangement,
epigenetic:	A hydrothermal event imposed upon rocks (usually by the hydrothermal phase of felsic intrusions).
facies:	Changes in composition, mineral associations or crystallisation sequence brought about by different depositional environments, increasing distance from source, or differing physical and chemical parameters.
felsic:	Light coloured rocks containing an abundance of feldspars and quartz.

ferruginous:	Containing iron.
foliation:	The banding or lamination of metamorphic rocks as distinguished from stratification in sedimentary rocks.
gabbro:	A coarse-grained mafic intrusive rock, which is low in silica and has relatively high levels of iron and magnesium minerals.
GIS:	Acronym for Geographical Information Systems.
granite:	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas
greenstones:	Compact dark green altered or metamorphosed basic igneous rocks that owe their colour to the presence of green minerals,
greenstone belt:	Term applied to elongate or belt-like areas within Precambrian shields that are characterised by abundant greenstones
hydrothermal:	Hot water associated with thermal springs or felsic intrusive rocks.
igneous:	Rocks that have solidified from a magma.
JORC:	The Joint Ore Reserves Committee (Australia). The JORC Code for the classification and reporting of mineral resources and ore reserves has now become an internationally accepted standard.
laterite:	Red residual soil developed in humid, tropical, and subtropical regions of good drainage.
Ma:	An abbreviation for 'million years ago'.
mafic:	Descriptive of rocks composed dominantly of magnesium, iron and calcium-rich rock-forming silicates.
magnetite:	A naturally occurring magnetic oxide of iron (Fe_3O_4)
mantle:	The zone between the core and crust of the earth
metallogenic:	Association of metal ores that is peculiar to a particular region, or period of time.
meta-:	A prefix meaning 'metamorphosed'.
mylonite:	A compact, chert like rock without cleavage, produced by the extreme granulation and shearing of rocks
olivine:	An olive green magnesium-iron silicate $(\text{Mg,Fe})_2\text{SiO}_4$, common in mafic and ultramafic igneous rocks.
orogeny:	Process by which mountain structures develop.
pegmatite:	An exceptionally coarse-grained igneous rock, with interlocking crystals, usually found as irregular dykes, lenses or veins.

percussion drilling (RC):	Drilling method employing a repeated hammering action on a drill bit, also known as Reverse Circulation (RC) drilling.
peridotite:	A general term for ultramafic igneous rocks dominantly consisting of dominant olivine, subordinate clinopyroxene, and lacking feldspar.
pluton:	A body of igneous rock formed beneath earth surface by consolidation from magma.
porphyry:	An igneous rock of any composition that contains conspicuous phenocrysts (coarse crystals) in a fine-grained groundmass.
Precambrian:	All geologic time, and its corresponding rocks, before the beginning of the Palaeozoic (from 570 Ma back).
Proterozoic:	An era of geological time spanning the period from 2,500 million years to 570 million years before present.
pyrite:	A very common iron sulphide mineral FeS_2 .
pyrrhotite:	A magnetic iron sulphide mineral (complex structure, summary Fe_7S_8 formula)
schist:	A micaceous crystalline metamorphic rock having a foliated structure
sericite:	A white or pale apple green potassium mica,
shear:	Deformation resulting from stresses that cause contiguous parts of a body to slide relative to each other in a direction parallel to their plane of contact.
stratigraphic:	The arrangement of strata.
strike:	The direction or trend taken by a structural surface.
stockwork:	A mineral deposit consisting of a three-dimensional network of planar to irregular veinlets closely enough spaced that the whole mass can be mined.
sulphide minerals:	Mineralisation characterised by compounds of metals and sulphur.
supergene:	Oxidation, electrolytic and solution effects brought about by low temperature, ground-water activity.
syncline:	A configuration of folded, stratified rocks in which rocks dip downward from opposite directions to come together in a trough.
synform:	A fold whose limbs close downward in strata for which the stratigraphic sequence is unknown.
tectonised:	Rocks that have been deformed by movement of the crust
thrust:	An overriding movement of one crustal unit over another.

ultramafic:

Igneous rock in which more than 90% of the minerals are ferromagnesian minerals.